

1935

INVESTIGATION OF NAZI PROPAGANDA
ACTIVITIES AND INVESTIGATION OF CER-
TAIN OTHER PROPAGANDA ACTIVITIES

PUBLIC STATEMENT
OF
SPECIAL COMMITTEE ON UN-AMERICAN
ACTIVITIES

HOUSE OF REPRESENTATIVES

SEVENTY-THIRD CONGRESS
SECOND SESSION

RELEASED TO THE PRESS REPRESENTATIVES BY
HON. JOHN W. MCCORMACK AND HON. SAMUEL DICKSTEIN
WHO WERE SITTING AS A SUBCOMMITTEE

RELEASED IN NEW YORK CITY, N. Y.
NOVEMBER 24, 1934



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1934

INVESTIGATION OF UN-AMERICAN ACTIVITIES

[For release for morning papers, Nov. 26, 1934]

STATEMENT OF CONGRESSIONAL COMMITTEE ON UN-AMERICAN ACTIVITIES, MADE BY JOHN W. MCCORMACK (MASSACHUSETTS), CHAIRMAN, AND SAMUEL DICKSTEIN (NEW YORK), VICE CHAIRMAN, SITTING AS A SUBCOMMITTEE

New York, Saturday, November 24, 1934.

This committee has had no evidence before it that would in the slightest degree warrant calling before it such men as John W. Davis, Gen. Hugh Johnson, General Harbord, Thomas W. Lamont, Admiral Sims, or Hanford MacNider.

The committee will not take cognizance of names brought into the testimony which constitute mere hearsay.

This committee is not concerned with premature newspaper accounts, especially when given and published prior to the taking of the testimony.

As the result of information which has been in possession of this committee for some time, it was decided to hear the story of Maj. Gen. Smedley D. Butler and such others as might have knowledge germane to the issue.

In the course of his sworn testimony, General Butler testified that about July 1, 1933, a telephone call from Washington to his home in Newton Square, Pa., near Philadelphia, asked for an interview with two unnamed Legionnaires.

Later that same day he was visited by one Gerald C. MacGuire, of New York, and William Doyle, of Boston, Mass., and as Butler testified, the latter prominent in Legion affairs of that State.

According to Butler's testimony, MacGuire and Doyle suggested to him that he become a candidate for national commander of the American Legion at its convention at Chicago to be held in October 1933 and further stated that he told him that he was not interested and realized that he could not be elected commander.

According to his further testimony, they discussed ways and means of his becoming a delegate, even suggesting that he might be named from Hawaii. This is the only conferences Doyle attended.

Butler further testified that MacGuire returned on several other occasions and suggested to him that he go to the Legion convention at Chicago and make a speech urging a resolution, the import being that the United States return to the gold standard.

Butler testified that he told him that "I don't know a damn thing about gold."

Butler further testified that on this occasion MacGuire showed him a bank book, the pages of which were flipped, indicating deposits of approximately \$42,000.

CONGRESS OF THE UNITED STATES

HOUSE OF REPRESENTATIVES

SPECIAL COMMITTEE ON UN-AMERICAN ACTIVITIES

SEVENTY-THIRD CONGRESS

JOHN W. MCCORMACK, Massachusetts, *Chairman*
SAMUEL DICKSTEIN, New York, *Vice Chairman*
CARL M. WEIDEMAN, Michigan
CHARLES KRAMER, California

HON. THOMAS W. HARDWICK, *Counsel*

F. P. RANDOLPH, *Secretary*

SUBCOMMITTEE FOR THIS HEARING

JOHN W. MCCORMACK, Massachusetts, *Chairman*

SAMUEL DICKSTEIN, New York

He then testified that MacGuire suggested that he gather 200 or 300 men and pay their expenses to the Chicago convention, the purpose being at the proper moment to have these men recognize Butler and demand that he make a speech and that then Butler was to make the speech on behalf of the gold standard, which he says had been handed to him.

When Butler asked MacGuire, according to the testimony, where the money was coming from, Butler testified that MacGuire told him "that we have plenty of money and have had some good-sized contributions."

Butler then testified that he saw MacGuire again and that MacGuire appeared in his hotel room in Newark during the reunion of the Twenty-ninth Division in September 1933 and while in Butler's room took a wallet from his pocket, threw a bunch of \$1,000 bills on the bed and that when Butler asked him "How much money have you got there", MacGuire is alleged to have replied "\$18,000", and on further questioning is alleged to have told Butler that he got the money from contributions the night before and has not had an opportunity to deposit them and wanted to give them to Butler for his help.

Butler further testified that he told MacGuire, "Don't you try to give me any thousand-dollar bill. Remember, I was a cop once. Every one of the numbers on these bills has been taken. I know you people and what you are trying to do. You are just trying to get me by the neck. If I try to cash one of those thousand-dollar bills, you would have me by the neck." To which MacGuire is alleged to have replied, "We can change them into smaller denominations."

The committee has learned that the reunion of the Twenty-ninth Division took place at Newark Saturday, September 16, and Sunday, September 17, 1933, and mentions these dates at this point because they are important.

According to Butler's testimony, he then urged MacGuire to send one of the principals to him (Butler), as he realized that MacGuire was only an agent, and that MacGuire agreed to send Robert Sterling Clark and explained to Butler that Clark had been in the Army and had known Butler in China and that Clark had inherited millions.

Before MacGuire left Newark, according to Butler, he told the general that they were anxious "to see the soldiers' bonus paid in gold. We don't want the soldier to have rubber money."

Butler testified that during that week he had a telephone call from Clark and that he and his wife met Clark at the railroad station in Philadelphia the following Sunday. That he carried a bag, evidently prepared for traveling, and that they took him to their home at Newtown Square, where they chatted informally, had luncheon, and that then Butler and Clark had a conversation.

Butler testified that the question of the speech which MacGuire had left with him came up, and that Clark urged him to make it, and among other things, said, "You understand just how we are fixed. I have got 30 million dollars and I don't want to lose it. I am willing to spend half of the 30 million to save the other half. If you go out and make this speech in Chicago, I am certain that they will adopt the resolution and that will be one step toward the return to gold,

to have soldiers stand up for it. We can get the soldiers to go out in great bodies to stand up for it."

Testimony then shows that Butler claims he told Clark that he would not go to Chicago, although Clark offered the use of a private car; that he would not be mixed up in it; that he took an oath to sustain the democracy and that he would do that and nothing else and that he did not propose to get soldiers marching around and stirred up about the gold standard.

Butler claims that Clark then made some overtures regarding the mortgage on his home, but that after showing Clark the flags, banners, tokens of esteem, and medals of honor that he had received, that he felt confident that Clark would not discuss the subject further.

Butler states that Clark hesitated a few minutes and used the Butler telephone to call MacGuire at the Palmer House stating: "General Butler is not coming to the convention. He has given me his reasons and they are excellent ones and I apologize to him for my connection with it. I am not coming either. You can put this thing across. You have got \$45,000. You can send those telegrams. You will have to do it that way. The general is not coming and I can see why. I am going to Canada to rest. If you need me, you know where you can find me. You have got enough money to go through with it."

Later the Butlers took Mr. Clark to the train and Butler stated that the bill for the telephone call was paid by himself.

The American Legion convention in Chicago passed the resolution endorsing the gold standard; and according to Butler, after the convention MacGuire stopped by to see him and suggested that Butler go to Boston to attend a veterans' dinner again for the purpose of advocating the gold standard, which the general says he refused to do.

According to the Butler testimony, he then did not hear from MacGuire until he received postal cards from Italy, Germany, Spain, and Paris and was amazed in August 1934 to get a call from MacGuire saying that he was coming out to Philadelphia and would Butler meet him there.

Butler stated that he did meet MacGuire at the Bellevue-Stratford Hotel and had a very long talk with him while seated in an unused dining room.

In the course of this conversation, Butler stated that MacGuire told him that he went abroad to study the part that the veterans play in the various governments over there. That he had gone to Italy and discovered that the veterans are the backbone of Mussolini, but that that set-up would not do in the United States.

MacGuire, according to Butler, continued that he had gone to Germany to see what Hitler was doing, and found that that situation would not do in the United States either, and that he had been in France, where he found just exactly the organization that we ought to have in this country and called it an organization of "super-soldiers", but that Butler did not remember the French name for that organization.

Butler further testified that MacGuire at that time told him that this French super organization was composed of about 500,000 men,

and that each one of them was the leader of 10 others, and that that was the kind of an organization that we should have in the United States.

Butler then claims that when he asked MacGuire what he wanted to do with such a set-up, MacGuire stated, "We want to support the President", to which Butler claims he replied, "The President doesn't need the support of that kind of an organization; and, besides, since when did you become a supporter of Roosevelt; the last time you were here you were against him?"

MacGuire then, according to Butler's testimony, stated, "Don't you understand, the set-up has got to be changed a bit. We have the President with us now. He has got to have more money. There is no more money to give him. Eighty percent of the money now is in Government bonds and he cannot keep this racket up much longer. He has got to do something about it. He has either got to get more money out of us or he has got to change the method of financing the Government, and we are going to see to it that he isn't going to change that method. He will not change it. He is with us now", to which Butler stated he replied: "The idea of this great group of soldiers then is to frighten him, is it?" and MacGuire, according to Butler's testimony, said, "No, no, no; not to frighten him. This is to sustain him when others assault him."

Butler claims that MacGuire then told him that the President was overworked, that he needed an assistant to take over the many heavy duties, and that such a position would be created and would probably be called "a secretary of general affairs", and that when all that was accomplished the President of the United States would be like the President of France.

Butler's testimony continued by quoting MacGuire as having said: "I have been traveling around, looking around. Now, about this superorganization, would you be interested in heading it?" To which Butler states he replied: "I am interested in it, but I don't know about heading it. I am greatly interested in it, because you know, Jerry, my interest, my one hobby, is maintaining a democracy. If you get these 500,000 soldiers advocating anything smelling of Fascism, I am going to get 500,000 more and lick the hell out of you, and we will have a real war right at home."

According to the testimony, the conversation continued in that vein, and then Butler quoted MacGuire as having said: "We have 3 million to start with on the line and can get 300 million if we need it", and Butler claims he said: "Who is going to put all this money up", to which MacGuire is alleged to have replied: "You heard Clark tell you he was willing to put up 15 million to save the other 15 million."

Butler testified that in the conversation MacGuire suggested that if necessary the Vice President and Secretary of State would resign and that this secretary of general affairs would become the Secretary of State and follow through to the Presidential succession.

Butler further stated that he discussed this entire matter with his confidant, Paul French, and that it was agreed between them that French should see MacGuire in New York.

Paul Conley French, a reporter for the Philadelphia Record and the New York Evening Post, followed the general on the witness stand, testified that General Butler had spoken to him about this matter, and that they agreed that French should go to New York to get the story.

French testified that he came to New York, September 13, 1934, and went to the offices of Grayson M.-P. Murphy & Co. on the twelfth floor of 52 Broadway and that MacGuire received him shortly after 1 o'clock in the afternoon and that they conducted their entire conversation in a small private office.

French testified under oath, that as soon as he left MacGuire's office, he made a careful memorandum of everything that MacGuire had told him.

French testified that MacGuire stated, "We need a fascist government in this country to save the Nation from the Communists who want to tear it down and wreck all that we have built in America. The only men who have patriotism to do it are the soldiers and Smedley Butler is the ideal leader. He could organize one million men over night."

Continuing, French stated that during the conversation MacGuire told him about his trip to Europe and of the studies that he had made of the Fascist, Nazi, and French movements and the parts that the veterans had played in them.

French further testified that MacGuire considered the movement entirely and tremendously patriotic and that any number of people with big names would be willing to help finance it.

French stated that during the course of the conversation, MacGuire continually discussed "the need of a man on a white horse" and quoted MacGuire as having said "We might go along with Roosevelt and then do with him what Mussolini did with the King of Italy."

MacGuire, according to French, expressed the belief that half of the American Legion and the Veterans of Foreign Wars would follow General Butler if he were to announce the plan that MacGuire had in mind.

Toward the close of the conversation, French says that MacGuire told him that he was going to Miami for the American Legion convention and that he would try to see Butler before he left, but that Butler's being out of town prevented a meeting and that, so far as he knew, they had not seen each other since.

Gerald C. MacGuire was called to the stand late in the afternoon of Tuesday, November 20 and after being identified as a bond salesman with Grayson M.-P. Murphy & Co., stated that he was a member of the distinguished-guest committee of the Legion Convention in 1933, and later testified he was alternate delegate to the Portland convention in 1932 and delegate to Miami in 1934.

He stated that he had seen General Butler on various and sundry occasions, admitting that the first time he went there was in the company of William Doyle, of Massachusetts. He denies that an

appointment had been arranged from Washington, but in his testimony on a subsequent day, admitted that this was the case.

MacGuire in brief, claimed that the object of his visit was to induce Butler to run for commander of the American Legion and that he had also talked to General Butler about forming a committee for a sound dollar, and a sound currency.

MacGuire denied that he had in any way thought of unseating "the royal family of the American Legion", but that he felt that if Butler could become a delegate at the Chicago convention, he might become commander.

MacGuire admitted that they did discuss the possibility of Butler becoming a delegate from Hawaii.

MacGuire claimed that he wanted to interest Butler in this Committee for a Sound Dollar, because, being a public man, he could go out and speak for the movement and that they wanted him to have an opportunity to make a little money.

MacGuire denied that he had at any time ever given Butler a prepared speech and claimed that he, MacGuire, was always for President Roosevelt.

At this point, MacGuire stated that he had met Butler on eight or nine different occasions, but that he had never talked to the general about taking 200 or 300 men to the Legion convention in Chicago, nor that he had ever shown Butler a bank book or that he had ever told Butler that he had large sums of money at his command.

MacGuire testified that he had been in Newark on the occasion of the reunion of the Twenty-ninth Division. That it was a Sunday and that all he had done was to hear Butler's speech and that he, MacGuire, then left.

To a question by chairman of the committee, MacGuire answered "I never had any money and he (Butler) never asked me if I had any."

MacGuire acknowledged that he had mentioned the name of Robert Sterling Clark to Butler in connection with the Committee for a Sound Dollar and that he had told Butler that Clark would back up such a committee with money.

At that point MacGuire testified that he had received \$30,000 from Robert Sterling Clark and that the money was placed in the Central Hanover Bank & Trust Co. to the credit of "The Committee for a Sound Dollar and Sound Currency, Inc."

He further testified that this money was given him by Mr. Clark long after the Chicago convention of the Legion, and that he had also received from Walter E. Frew, of the Corn Exchange Bank & Trust Co., the sum of \$1,000, which was also placed to the credit of the Sound Money Committee.

MacGuire then testified that he had received from Robert Sterling Clark approximately \$7,200 for his traveling expenses to, in, and from Europe, to which had been added the sum of \$2,500 on another occasion and \$1,000 at another time, and he stated under oath that he had not received anything from anybody else and further testified that he had deposited it in his personal account at the Manufacturers Trust Co., 55 Broad Street.

MacGuire further testified that he had a drawing account of \$432 a month right now, to which were added some commissions.

Later MacGuire testified that the \$2,500 and the \$1,000 were in connection with the organization of the Committee for a Sound Dollar.

MacGuire had a hazy recollection that Clark had talked to Butler, but denied emphatically that Clark had called him up while MacGuire was at the convention in Chicago, and that he did not make arrangements for Clark to meet Butler and did not know how the meeting was brought about.

MacGuire stated when questioned regarding the sponsorship of the gold standard resolution at Chicago "I think I had as much to do with proposing it as anyone."

Chairman McCormack then directed the following question: "Did Mr. Clark contribute any money in any other way, besides the \$30,000 and the other sums that you have enumerated he gave to you personally?" to which MacGuire replied, "No, sir; he has been asked several times to contribute to different funds, but he has refused."

Then MacGuire admitted that he had sent Butler post cards from various points in Europe and that he did have a conversation with the general at the Bellevue-Stratford, but that he was only with him for about 20 minutes.

MacGuire testified that he told Butler that he was going to the convention in Miami and, when asked whether he had told Butler that he had studied the part that the veterans played in the European governments, replied that he had not.

MacGuire denied telling Butler anything about any governmental set-ups in Europe, although he stated that he had told Butler that in his opinion "Hitler would not last another year in Germany and that Mussolini was on the skids".

MacGuire again emphatically denied that he had said anything about the European veterans.

Then MacGuire stated that Paul French had come to him and outlined a lot of things that Butler was trying to do with different veteran outfits in the country, and that he told French that Butler should not be mixed up with that kind of stuff.

Under further questioning MacGuire admitted that he had called up Butler and asked him whether he knew Paul French and that when he was assured that Butler did know him, he agreed to see him.

He stated that there was no particular significance in his calling Butler to find out whether French was all right or not, and that they discussed minor matters and that French's purpose in his visit was merely to know him.

While being questioned by both Congressman McCormack and Dickstein, MacGuire suddenly remembered that Clark had given him some money in connection with some bond transactions and fixed the sum at \$25,000, which he stated he placed on deposit with the Manufacturers Trust Co. in a "special account", and further stated that Clark had paid his expenses in going around the country looking over various municipalities in connection with the purchase of their bonds.

MacGuire testified that this \$25,000 was to go back to Mr. Clark, and that he had repaid \$20,000 of it to Mr. Albert G. Christmas

and that Christmas again gave him another check for \$20,000 which he redeposited in the Manufacturers Trust Co. in the special account. It should be noted here that Albert G. Christmas, attorney, 160 Broadway, represents Mr. Clark.

MacGuire swore that this money was for the purpose of buying securities and that he had used the money to purchase letters of credit for that purpose.

Then the questioning switched to MacGuire's stay at the Palmer House in Chicago, and the witness admitted that he had 4 rooms there for his personal use, 2 on one floor and 2 on another, and that some of his friends shared the rooms with him, splitting the expense.

At this point the ledger statement from the Manufacturers Trust Co., showing the account of G. C. MacGuire special, was introduced and it showed deposits on September 11, 1933, \$15,000; September 13, \$10,000; September 16, \$2,200; September 18, \$20,000.

The account showed withdrawals on September 15 of \$1,125; September 16, \$6,000; September 19, \$20,000; September 23, \$3,300; and September 23, \$16,700.

There were a few minor withdrawals later.

Reiterating that he was there for the purpose of buying bonds with this \$25,000 he admitted that he did not talk to anyone, nor that he bought any, nor that he had any record of having received quotations, nor that he had asked any individual or firm whether they had any for sale.

Continuing under oath MacGuire said that the \$1,125 was drawn for expenses and that the \$6,000 was tied up with other amounts, but that the cash was paid back to Christmas.

However, MacGuire testified he had no receipt from Christmas or anything else to show it.

MacGuire admitted that he had bought and sold bonds to the value of approximately 9 million dollars for Clark, through the Murphy firm, but that this was the only time he had ever been handed any cash personally with which to buy them.

Hotel bills from the Palmer House showed MacGuire registered there continuously from September 21 to October 8.

The witness then introduced statement of Central Hanover Bank showing that he had purchased letters of credit amounting to \$30,300 between September 19 and September 27, 1933. He further claimed that he converted all of these letters of credit into cash at the First National Bank of Chicago and that he put the money into a safe deposit box in Chicago and that after the convention was over, he brought all of the cash back to Mr. Christmas, less expenses, because he had not purchased any bonds.

MacGuire could not explain why he had paid a premium of one-half of 1 percent, amounting to \$150, on \$30,300 worth of letters of credit only to cash them without having any purchases in mind and then bringing the currency back to New York.

Later in the questioning MacGuire admitted that he received \$10,000 in currency from Christmas, while MacGuire, Christmas, and Clark were having luncheon at the Bankers Club, which had nothing whatever to do with these other funds.

MacGuire stated under oath, that he took this \$10,000 and placed it in his safety deposit box at the Seaman's Savings Bank; that it

is no longer there; that he does not know when he took it out, nor does he remember what he did with it.

Again under questioning, MacGuire did not have any receipts for any of the sums of cash which he claims he repaid to Christmas as agent for Clark, in one case a sum of about \$30,000.

Note from the committee. Deposits in the Manufacturers Trust Co. special account which totalled \$26,000 and the \$10,000 which he admits he received in cash at the Bankers Club, are no part of the \$31,000 which was used by the committee on sound money.

Shortly before MacGuire left the stand on his second day of questioning he again reiterated that he had been at the convention in Chicago continuously from about September 21 to October 8, while the actual convention was in session only on October 3, 4, and 5, and further stated that he had continuously been on the pay roll of G. M. P. Murphy & Co., regardless as to whether he was making tours of inspection at the expense of Clark or whatever he was doing. Before MacGuire's testimony was resumed on Friday the 23d, the committee heard Claude M. Adamson, connected with the Central Hanover Bank in its letter of credit department.

Adamson testified and produced bank records showing that MacGuire had purchased with cash on September 19, 1933, a letter of credit in the sum of \$2,300, and that he cashed \$300 of it in New York immediately, that he cashed \$1,100 of it at the First National Bank of Chicago on September 22, and cashed the remaining \$900 at the First National Bank of Chicago on September 29.

Then Adamson testified that on September 23 (MacGuire was supposed to be in Chicago then), MacGuire again came into the bank and bought two letters of credit, one in the sum of \$4,000 and the other in the sum of \$9,000, for which he presented in payment 13 one thousand dollar bills.

Adamson stated that the money was handed to him at the desk of J. K. Olyphant, a vice president of the bank, and that the letters of credit were issued.

Adamson testified that both of these letters of credit totaling \$13,000 were cashed on September 29.

Then Adamson testified that MacGuire came to the bank on September 27, 1933 (when he had previously testified he was in Chicago), and presented a certified check in the sum of \$15,075 which was to represent a letter of credit for \$15,000 and the fee of \$75.

Adamson swore and produced bank records to show that the letter was paid for with a certified check of Mr. A. G. Christmas on the Lawyers County Trust Co.

The bank records showed that MacGuire purchased this letter of credit on September 27, had it mailed to Chicago and cashed it on September 30, the day after he had cashed approximately \$14,000.

The Central Hanover Bank also produced duplicate deposit slips showing that MacGuire had deposited \$6,500 in currency in varying amounts in his personal account between September 18, 1934, and November 19, 1934, and when questioned, MacGuire said the money came "from a safe place." MacGuire's personal account in the Irving Trust increased by \$6,000 in a short time with no explanation forthcoming.

Resuming his testimony on Friday, November 23, MacGuire failed to produce a book to which he had previously referred, in which he

stated he had entered the moneys which he handled in connection with his trip to Chicago.

The congressional committee at this point surveyed the records of the Committee for a Sound Dollar and Sound Currency, Inc. Clark and Christmas about foreign veteran groups tallies with what found that it began life in December 1933 with the sum of \$31,000. Butler claims MacGuire told him, but which MacGuire denies he and that the money had been expended for salaries, traveling expenses, printing of propaganda, legal fees, and incidentals, and at the present time had a balance of about \$24.

Neither the names of Robert Sterling Clark, A. G. Christmas, or Walter E. Frew are shown anywhere in the records of this committee.

The congressional committee also reviewed the audit of the sound dollar committee.

The congressional committee then went into the carbons of reports presented by MacGuire which he had written while he was in Europe. Some were addressed merely "Gentlemen", others to Mr. Clark and one to Mr. Christmas. Mr. MacGuire had previously testified he had been sent to Europe by Mr. Clark to study economic conditions.

In his letter of April 6, 1934, which is headed "My dear sir" MacGuire writes as follows:

There is no question but that another severe crisis is imminent. There have been various pieces of information given me to the effect that the Communists have been arming and are scattered in the outlying districts of Paris. However, this does not mean, to my mind, that there will be anything such as occurred in Vienna. If anything, it appears to me that the Communists may be used as a govt by the military, and that if this group should by any chance start demonstrations against the government, it may serve to call forth a "coup d'etat", which, it might be said, would be the use of the military.

I had a very interesting talk last evening with a man who is quite well known on affairs here and he seems to be of the opinion that the Croix de Feu will be very patriotic during this crisis and will take the cuts or be the moving spirit in the veterans to accept the cuts. Therefore they will, in all probability, be in opposition to the Socialists and functionaries. The general spirit among the functionaries seems to be that the correct way to regain recovery is to spend more money and increase wages, rather than to put more people out of work and cut salaries.

In letter on March 6, 1934, addressed merely to "Gentlemen" MacGuire writes:

* * * the Croix de Feu is getting a great number of new recruits, and I recently attended a meeting of this organization and was quite impressed with the type of men belonging. These fellows are interested only in the salvation of France, and I feel sure that the country could not be in better hands, because they are not politicians; they are a cross section of the best people of the country from all walks of life, people who gave their "all" between 1914 and 1918, that France might be safe, and I feel sure that if a crucial test ever comes to the Republic that these men will be the bulwark upon which France will be saved.

There may be more uprisings, there may be more difficulties, but as is evidenced right now when the emergency arises party lines and party difficulties are forgotten as far as France is concerned, and all become united in the one desire and purpose to keep this country as it is, the most democratic, and the country of the greatest freedom in the European Continent.

MacGuire denied that he had spent a great deal of time going into veteran matters there, but he does use and gives a description of the Croix de Feu, which does compare with what Butler testified

MacGuire had told him, and again MacGuire denied that he had told Butler about it.

In other parts of the correspondence what MacGuire wrote to Clark and Christmas about foreign veteran groups tallies with what Butler claims MacGuire told him, but which MacGuire denies he

In a letter dated April 24, 1934, addressed to "Gentlemen", MacGuire wrote:

I just returned from a trip to Brussels, Rotterdam, Amsterdam, Hamburg, Copenhagen, Berlin, Prague, Leipzig, Vienna, Munich, Zurich, Basle, Geneva, and thence back to Paris.

I was informed that there is a Fascist Party springing up in Holland under the leadership of a man named Mussait, who is an engineer by profession and who has approximately 50,000 followers at the present time ranging in age from 18 to 25 years. It is said that this man is in close touch with Berlin and is modeling his entire program along the lines followed by Hitler in Germany. A number of people are quite alarmed because of the German influence and the probable financial support that this man is getting from Berlin. Generally speaking, trade conditions in Holland are extremely poor, the Germans have placed restrictions against the import of all foodstuffs from this country, and the large cotton mills that the Dutch have have been closed down for a considerable length of time, mainly because of our old friend Japanese competition in the Far East, particularly in the territories that the Dutch have as a market.

In another letter MacGuire said, "everywhere you go you see men marching in groups and company formation."

MacGuire could not explain why he gave a check for \$20,000 to Albert G. Christmas on September 15 and received a check back from Christmas 3 days later for the same amount.

MacGuire admitted cashing a check on his special account for \$6,000 on September 16, which was the day before he saw Butler in Newark, not forgetting the \$10,000 that MacGuire had received in currency from Christmas at the luncheon, which he said he placed in a safety deposit box.

MacGuire had no recollection of having come back to New York from Chicago during the period between September 21 and October 2, neither did he have any recollection of having been in Washington during that same period, when confronted with a hotel bill from the Mayflower Hotel showing that he was a guest there on September 24 and 25, 1933.

To all such questions MacGuire answered, "It is too far back" or "I don't recall."

Neither could MacGuire remember what the purpose of his trip was to Washington or whether he had given the Central Hanover Bank thirteen \$1,000 bills or that he had bought one of the letters of credit with a certified check drawn on the account of Mr. Christmas.

In the course of the questioning MacGuire could not remember whether he had ever handled thousand-dollar bills, and certainly could not remember producing 13 of them at one time in the bank. It must be remembered in this connection that the \$13,000 purchase with \$1,000 bills at the bank came just 6 days after Butler claims MacGuire showed him eighteen \$1,000 bills in Newark.

From the foregoing it can readily be seen that in addition to the \$30,000 which Clark gave MacGuire for the sound money commit-

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tee that he produced approximately \$75,000 more, which MacGuire reluctantly admitted on being confronted with the evidence.

This \$75,000 is shown in the \$26,000 that went into the Manufacturers' Trust account, \$10,000 in currency at the luncheon, the purchase of letters of credit totaling \$30,300, of which Christmas' certified check was represented as \$15,000, expenses to Europe close to \$8,000. This still stands unexplained.

Whether there was more and how much, the committee does not yet know.

The committee is awaiting the return to this country of both Mr. Clark and Mr. Christmas. As the evidence stands, it calls for an explanation that the committee has been unable to obtain from Mr. MacGuire.

INVESTIGATION OF NAZI PROPAGANDA
ACTIVITIES AND INVESTIGATION OF CER-
TAIN OTHER PROPAGANDA ACTIVITIES

PUBLIC HEARINGS

BEFORE THE

SPECIAL COMMITTEE ON UN-AMERICAN
ACTIVITIES

HOUSE OF REPRESENTATIVES

SEVENTY-THIRD CONGRESS

SECOND SESSION

AT WASHINGTON, D. C., FEBRUARY
December 29, 1934

HEARINGS No. 73-D. C-6 X12

PART I



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1935

The CHAIRMAN. Did he say anything about what the form of the Government would be when they took the Government over?

Captain GLAZIER. Strictly a dictatorship—absolutely. That inference was very plain.

The CHAIRMAN. Did he say that?

Captain GLAZIER. Yes; he made the statement.

The CHAIRMAN. What did he say in connection with that?

Captain GLAZIER. He said that there ought to be one man who would run the country; and he would be the head of the organization.

The CHAIRMAN. He would be the head of the organization?

Captain GLAZIER. Yes.

The CHAIRMAN. Did he tell you who was the head of the organization?

Captain GLAZIER. Yes; he was the man.

The CHAIRMAN. He said he was the man?

Captain GLAZIER. Yes. He was doing all of this.

The CHAIRMAN. Did he say anything about having an office anywhere outside of New York?

Captain GLAZIER. Yes. He said that he had men all over the United States, and particularly I saw on this News Letter this office in Cincinnati.

The CHAIRMAN. In connection with this organization or this movement?

Captain GLAZIER. Nothing except in this News Letter that he publishes.

The CHAIRMAN. That is all, captain; thank you.

We will hear General Butler.

TESTIMONY OF MAJ. GEN. S. D. BUTLER (RETIRED)

(The witness was duly sworn by the chairman.)

The CHAIRMAN. General, you are a retired Commandant of the Marine Corps?

General BUTLER. No; I was never Commandant.

The CHAIRMAN. You were in the Army how long?

General BUTLER. I was in the Marine Corps 33 years and 4 months, on the active list.

The CHAIRMAN. As I remember, you are a Congressional Medal of Honor man; received the Congressional Medal of Honor on two occasions?

General BUTLER. Yes.

The CHAIRMAN. General, you know what the purpose of your visit here is today?

General BUTLER. Yes.

The CHAIRMAN. Without my asking you any further questions, will you just go ahead and tell in your own way all that you know about an attempted Fascist movement in this country?

General BUTLER. May I preface my remarks by saying, sir, that I have one interest in all of this, and that is to try to do my best to see that a democracy is maintained in this country?

The CHAIRMAN. Nobody who has either read about or known about General Butler would have anything but that understanding.

General BUTLER. It is nice of you to say that, sir. But that is my only interest.

I think I had probably better go back and give you the background. This has been going on for a year and a half. Along—I think it must have been about the 1st of July 1933, two men came to see me. First there was a telephone message from Washington, from a man who I did not know well. His first name was Jack. He was an American Legionnaire, but I cannot remember his last name—cannot recall it now accurately.

Anyway, he asked me if I would receive 2 soldiers—2 veterans—if they called on me that afternoon. I said I would.

About 5 hours later a Packard limousine came up into my yard and 2 men got out. This limousine was driven by a chauffeur. They came into the house and introduced themselves. One said his name was Bill Doyle, who was then the department commander of the Legion in Massachusetts. The other said his name was Jerry MacGuire.

The CHAIRMAN. Where did MacGuire come from?

General BUTLER. MacGuire said he had been State commander the year before of the department of Connecticut and was then living in Connecticut. Doyle was living in Massachusetts.

The CHAIRMAN. Had you met either of these men before?

General BUTLER. Never had seen them before, as I recollect. I might have done so; but as far as my impression then was, they were absolute strangers.

The substance of the conversation, which lasted about 2 hours, was this: That they were very desirous of unseating the royal family in control of the American Legion, at the convention to be held in Chicago, and very anxious to have me take part in it. They said that they were not in sympathy with the then administration—that is, the present administration's treatment of the soldiers.

They presented to me rather a confused picture, and I could not make up my mind exactly what they wanted me to do or what their objective was, but it had something to do with weakening the influence of the administration with the soldiers.

They asked me to go to the convention, and I said I did not want to go—that I had not been invited and did not care anything about going.

Then MacGuire said that he was the chairman of the distinguished-guest committee of the American Legion, on Louis Johnson's staff; that Louis Johnson had, at MacGuire's suggestion, put my name down to be invited as a distinguished guest of the Chicago convention.

I thought I smelled a rat, right away—that they were trying to get me mad—to get my goat. I said nothing.

They said, "We represent the plain soldiers, and we want you to come to this convention." They said, "We want you to come there and stampee the convention in a speech and help us in our fight to dislodge the royal family."

The CHAIRMAN. When you say you smelled a rat, you mean you had an idea that they were not telling the truth?

General BUTLER. I could not reconcile and from the very beginning I was never able to reconcile their desire to serve the ordinary man in the ranks, with their other aims. They did not seem to be the same. It looked to me as if they were trying to embarrass the

administration in some way. They had not gone far enough yet, but I could not reconcile the two objectives; they seemed to be diametrically opposed. One was to embarrass the administration of the American Legion, when I did not want to go anyhow, and the other object will appear here in a little while. I do not know that at that moment I had formed any particular opinion. I was just fishing to see what they had in mind. So many queer people come to my house all the time and I like to feel them all out.

Finally they said, "Now, we have arranged a way for you to come to this convention."

I said, "How is that, without being invited?"

They said, "Well, you are to come as a delegate from Hawaii."

I said, "I do not live in Hawaii."

"Well, it does not make any difference. There is to be no delegate from one of the American Legion posts there in Honolulu, and we have arranged to have you appointed by cable, by radio, to represent them at the convention. You will be a delegate."

I said, "Yes; but I will not go in the back door."

They said, "That will not be the back door. You must come."

I said, "No; I will not do this."

"Well," they said, "are you in sympathy with unhorsing the royal family?"

I said, "Yes; because they have been selling out the common soldier in this Legion for years. These fellows have been getting political plums and jobs and cheating the enlisted man in the Army, and I am for putting them out. But I cannot do it by going in through the back door."

"Well," they said, "we are going to get them out. We will arrange this."

That was all that happened the first day, as I recollect it. There were several days of it, and I will tell you everything that happened, but I cannot check it with the specific days. So they went away. Two or three days later they came back in the same car, both together, the second time. Doyle dropped out of the picture. He appeared only twice.

The CHAIRMAN. What was the second talk?

General BUTLER. The substance of the second talk was this, that they had given up this delegate idea, and I was to get two or three hundred legionnaires from around that part of the country and bring them on a special train to Chicago with me; that they would sit around in the audience, be planted here and there, and I was to be nothing but an ordinary legionnaire, going to my own convention as an onlooker; not as a participant at all. I was to appear in the gallery. These planted fellows were to begin to cheer and start a stampede and yell for a speech. Then I was to go to the platform and make a speech. I said, "Make a speech about what?"

"Oh," they said, "we have one here."

This conversation lasted a couple of hours, but this is the substance of it. They pulled out this speech. They said, "We will leave it here with you to read over, and you see if you can get these fellows to come."

I said, "Listen. These friends of mine that I know around here, even if they wanted to go, could not afford to go. It would cost

them a hundred to a hundred and fifty dollars to go out there and stay for 5 days and come back."

They said, "Well, we will pay that."

I said, "How can you pay it? You are disabled soldiers. How do you get the money to do that?"

"Oh, we have friends. We will get the money."

Then I began to smell a rat for fair. I said, "I do not believe you have got this money."

It was either then or the next time, or one of the times, they hauled out a bank-deposit book and showed me, I think it was \$42,000 in deposits on that occasion, and on another occasion it was \$64,000. The CHAIRMAN. They took out a bank book and showed you what? General BUTLER. They took out a bank book and showed me deposits of \$42,000 on one occasion and \$64,000 on another.

The CHAIRMAN. Do you know on what bank that was?

General BUTLER. I do not. They just flipped the pages over. Now, I have had some experience as a policeman in Philadelphia. I wanted to get to the bottom of this thing and not scare them off, because I felt then that they had something real. They had so much money and a limousine. Wounded soldiers do not have limousines or that kind of money. They said, "We will pay the bill. Look around and see if you cannot get two or three hundred men and we will bring them out there and we will have accommodations for them."

This was getting along about the first of August, I should say. Well, I did not do anything about it. MacGuire made one other trip to see me, this time by himself, to see how things were getting along. I said that I had been busy and had not had time to get the soldiers together. Then on this occasion I asked him where he got this money. He was by himself when I asked him that. Doyle was not around.

"Where did you get all this money? It cannot be yours."

He said that it was given to him by nine men, that the biggest contributor had given \$9,000 and that the donations ran all the way from \$2,500 to \$9,000.

I said, "What is the object?"

He said the object was to take care of the rank and file of the soldiers, to get them their bonus and get them properly cared for.

Well, I knew that people who had \$9,000 to give away were not in favor of the bonus. That looked fishy right away.

He gave me the names of two men; Colonel Murphy, "I work M.P. Murphy, for whom he worked, was one. He said, 'I work for him. I am in his office.'"

I said to him, "How did you happen to be associated with that kind of people if you are for the ordinary soldier and his bonus and his proper care? You know damn well that these bankers are not going to swallow that. There is something in this, Jerry MacGuire, besides what you have told me. I can see that."

He said, "Well, I am a business man. I have got a wife and family to keep, and they took good care of them, and if you would take my advice, you would be a business man, too."

I said, "What has Murphy got to do with this?"

"Well," he said, "don't you know who he is?"

I said, "Just indirectly. He is a broker in New York. But I do not know any of his connections."

"Well," he said, "he is the man who underwrote the formation of the American Legion for \$125,000. He underwrote it, paid for the field work of organizing it, and had not gotten all of it back yet."

"That is the reason he makes the kings, is it? He has still got a club over their heads."

"He is on our side, though. He wants to see the soldiers cured for."

Well, that was the end of that conversation. I think it was then that he showed me the deposit of \$64,000.

The CHAIRMAN. MacGuire had the money?

General BUTLER. MacGuire had the bank book. He did not have any money yet. No money had appeared yet. There was nothing but a bank book showing deposits. It was in his name.

The CHAIRMAN. In his name?

General BUTLER. Yes.

The CHAIRMAN. Not in Doyle's name?

General BUTLER. No. Doyle had faded out of the picture and his name was never mentioned again and has never been mentioned since. I do not know but what Doyle just rode along with him.

The next time I saw him was about the 1st of September, in a hotel in Newark. I went over to the convention of the Twenty-ninth Division. Sunday morning he walked into my room and he asked me if I was getting ready now to take these men out to Chicago, that the convention was pretty close. I said, "No; I am not going to Chicago."

"Why not?"

I said, "You people are bluffing. You have not got any money," whereupon he took out a big wallet, out of his hip pocket, and a great, big mass of thousand dollar bills and threw them out on the bed.

I said, "What's all this?"

He says, "This is for you, for expenses. You will need some money to pay them."

"How much money have you got there?"

He said, "\$18,000."

"Where did you get those thousand dollar bills?"

"Oh," he said, "last night some contributions were made. I just have not had a chance to deposit them, so I brought them along with me."

I said, "Don't you try to give me any thousand dollar bill. Remember, I was a cop once. Every one of the numbers on these bills has been taken. I know you people and what you are trying to do. You are just trying to get me by the neck. If I try to cash one of those thousand dollar bills, you would have me by the neck."

"Oh," he said, "we can change them into smaller denominations." I said, "You put that money away before somebody walks in here and sees that money around, because I do not want to be tied up with it at all. I told you distinctly I am not going to take these men to Chicago."

"Well, are you going yourself?"

I said, "Oh, I do not know. But I know one thing. Somebody is using you. You are a wounded man. You are a bluejacket. You have got a silver plate in your head. I looked you up. You were wounded. You are being used by somebody, and I want to know the fellows who are using you. I am not going to talk to you any more. You are only an agent. I want some of the principals."

He said, "Well, I will send one of them over to see you." I said, "Who?" He said, "I will send Mr. Clark."

"Who is Mr. Clark?"

"Well, he is one of our people. He put up some money."

"Who is he?"

"Well, his name is R. S. Clark. He is a banker. He used to be in the Army."

"How old a man is he?" He told me.

"Would it be possible that he was a second lieutenant in the Ninth Infantry in China during the Boxer campaign?" He said, "That is the fellow."

He was known as the "millionaire lieutenant" and was sort of batty, sort of queer, did all sorts of extravagant things. He used to go exploring around China and wrote a book on it, on explorations. He was never taken seriously by anybody. But he had a lot of money. An aunt and an uncle died and left him \$10,000,000. That was the story at the time. So he said, "I will send him over to see you." I said, "All right, you send him over."

I thought no more about it until the end of the week, when Clark called up and asked if he might spend Sunday with me. I said, "Yes," and he said, "I will take the 9 o'clock train from New York."

I said, "All right; I will meet you at the station." Well, this was getting down to something real. I was there on time, and he stepped off the train, and I recognized him. I had not seen him for 34 years, but I could see that he was the same man, a long, gangling fellow. His hair had turned gray, but it was the same man. We got in the car and drove out home and had lunch. He did not approach the subject until after lunch. Then we went out on the porch, and he began to talk about my going to the convention alone with him; that he had reservations. He said something about a private car attached to the Pennsylvania Limited; that we could get on at Paoli and go right out with him, and that he had a suite of rooms for me at the Palmer House and he would see that I had a chance to speak.

He said, "You have got the speech?" I said, "Yes. These fellows, Doyle and MacGuire, gave me the speech." I said, "They wrote a hell of a good speech, too." He said, "Did those fellows say that they wrote that speech?" I said, "Yes; they did. They told me that that was their business, writing speeches." He laughed and said, "That speech cost a lot of money." Clark told me that it had cost him a lot of money. He thought that it was a big joke that these fellows were claiming the authorship of that speech.

I said, "The speech has nothing to do with what I am going to Chicago for. The speech urges the convention to adopt the resolution that the United States shall return to the gold standard." MacGuire had said, "We want to see the soldiers' bonus paid in gold. We do not want the soldier to have rubber money or paper money. We want the gold. That is the reason for this speech."

"Yes," I said, "but it looks as if it were a big-business speech. There is something funny about that speech, Mr. Clark."

Clark said, "You understand just how we are fixed. I have got \$30,000,000. I do not want to lose it. I am willing to spend half of the \$30,000,000 to save the other half. If you go out and make this speech in Chicago, I am certain that they will adopt the resolution and that will be one step toward the return to gold, to have the soldiers stand up for it. We can get the soldiers to go out in great bodies to stand up for it."

"This was the first beginning of the idea, you see, of having a soldiers' organization, getting them to go out in favor of the gold standard. Clark's thought was, 'I do not want to lose my money.'"

Well, I said, "I am not going to Chicago." He said, "Why not?" I said, "I do not want to be mixed up in this thing at all. I tell you very frankly, Mr. Clark, I have got one interest and that is the maintenance of a democracy. That is the only thing. I took an oath to sustain the democracy, and that is what I am going to do and nothing else. I am not going to get these soldiers marching around and stirred up over the gold standard. What the hell does a soldier know about the gold standard? You are just working them, using them, just as they have been used right along, and I am going to be one of those to see that they do not use them any more except to maintain a democracy. And then I will go out with them any time to do that."

He said, "Why do you want to be so stubborn? Why do you want to be different from other people? We can take care of you. You have got a mortgage on this house," waving his hand, pointing to the house. "That can all be taken care of. It is perfectly legal, perfectly proper."

"Yes," I said, "but I just do not want to do it, that's all." Finally I said, "Do you know what you are trying to do? You are trying to bribe me in my own house. You are very polite about it and I can hardly call it that, but it looks kind of funny to me, making that kind of a proposition. You come out into the hall, I want to show you something."

We went out there. I have all the flags and banners and medals of honor, and things of that kind. It is my own place. They have been given me by the Chinese and the Nicaraguans and the Hainians by the poor people. I said to him, "You come out here. Look at that and see what you are trying to do. You are trying to buy me away from my own kind. When you have made up your mind that I will not go with you, then you come on and tell me."

In a few minutes he came back to the back office and said, "Can I use your telephone?" "Yes." He called up Chicago and got hold of MacGuire at the Palmer House and he said to MacGuire, "General Butler is not coming to the convention. He has given me his reasons and they are excellent ones, and I apologize to him for my connection with it. I am not coming either. You can put this thing across. You have got \$45,000. You can send those telegrams. You will have to do it in that way. The general is not coming. I can see why. I am going to Canada to rest. If you want me, you know where you can find me. You have got enough money to go through with it."

That was the end of that and we talked pleasantly on personal matters after that. I took him to the train about 6 o'clock and he went home.

The convention came off and the gold standard was endorsed by the convention. I read about it with a great deal of interest. There was some talk about a flood of telegrams that came in and influenced them and I was so much amused, because it all happened right in my room.

Then MacGuire stopped to see me on his way back from the convention. This time he came in a hired limousine. It was not a private one this time. He came out to the house and told me that they had been successful in putting over their move. I said, "Yes, but you did not endorse the soldiers' bonus."

He said, "Well, we have got to get sound currency before it is worth while to endorse the bonus."

He then went away and the campaign here in New York started. They were electing municipal officers, a political campaign. A marine was running for public office over here in Brooklyn and I came over to make a speech for him.

I was met at the train by MacGuire. He seemed to know just where I was going and he said he wanted to go with me, and he did.

I think there was one other visit to the house, because he proposed that I go to Boston to a soldiers' dinner to be given in my honor. He suggested that I go up to Boston to this dinner for the soldiers. He said, "We will have a private car for you on the end of the train. You will make a speech at this dinner and it will be worth a thousand dollars to you."

I said, "I never got a thousand dollars for making a speech."

He said, "You will get it this time."

"Who is going to pay for this dinner and this ride up in the private car?"

"Oh, we will pay for it out of our funds."

I am not going to Boston. If the soldiers of Massachusetts want to give a dinner and want me to come, I will come. But there is no thousand dollars in it."

So he said, "Well, then, we will think of something else."

Then when he met me over in New York, he had another idea. He said, "You are going on a trip for the Veterans of Foreign Wars. You are going around recruiting them, aren't you?" I said, "Yes; I am going to start as soon as this campaign is over."

The CHAIRMAN. When was this campaign?

General BUTLER. This was in November 1933. All of this happened between July and November, everything I told you. The campaign was on over here.

The CHAIRMAN. That was a city campaign?

General BUTLER. The municipal campaign; yes. I do not remember very much about it, but some soldiers asked me to come over and speak for a marine that was running for office, and I did.

Anyhow, he met me at the train and he had another idea. He said, "You are going out to speak for the veterans." I said, "Yes." I told him this about a dozen times. "You know, I believe that sooner or later there is going to be a test of our democracy, a test of this democratic form of government. The soldiers are the only people in this country who have ever taken an oath to sustain it."

I believe that I can appeal to them by the millions to stand up for a democracy, because they have more stake in a democracy than any other class of our citizens, because they have fought for it. I am going out to the Veterans of Foreign Wars. They are my kind, overseas people, old regulars, and see if I cannot get a half a million of these fellows and preach this to them, that we have got to stand up against war. I have got an object in doing it. I believe that sooner or later we are going to have a showdown, because I have had so many invitations to head societies and to join societies, all of them with a camouflaged patriotic intent. They are rackets, all of them."

I said this to him a dozen times. But he said, "Well, that is what we are for." He said, "I want to go around with you, around the country. I want to go around and talk to the soldiers in the background and see if we cannot get them to join a great big super organization to maintain the democracy."

I said, "I do not know about you going along, Jerry. Of course, I cannot keep you off of the train. But there is something funny about all this that you are doing and I am not going to be responsible for it and I do not want any more to do with it. You are a wounded soldier and I am not going to hurt you, but you must lay off this business with me, because there is too much money in it."

"Well, I am a business man," he said. He said, "I do not see why you will not be a business man, too."

I said, "If fiddling with this form of government is business, I am out of it; if that is your business."

"Oh," he said, "I would not disturb this form of government." I said, "You have got some reason for getting at these soldiers other than to maintain a democracy."

That was the end of that visit. He did not get on the train when I left the latter part of November. He did not get on the train when I never heard of him again until about February, when I had a post card from Nice, down on the Riviera. He said he was having a wonderful time over there. Then I began to get the idea that he was using Clark—to pull money out of Clark by frightening him about his \$30,000,000—and then he was coming to me; and then he would go back and tell Clark, "I have been to see Butler, and he will go along if you will get me \$5,000 more." In other words, I could see him working both ends against the middle and making a sucker out of Clark. However, if Clark wanted to get rid of his money, it was none of my business. I had another short note from him, from Berlin, along in the spring, about April or May. He said he was having a wonderful time. He had been over there ever since he left me in November. He went over the 1st of December. That is the reason I had not heard anything more of him.

Then along in the latter part of August of this year—nothing happened this year until August—he called me on the telephone one day and said that he wanted to know if I could meet him in Philadelphia that afternoon; that he only had a very short time to spend with me, but if I could run in for an hour, he had something of the utmost importance to tell me. Mrs. Butler and I happened to be going into Philadelphia, and I said, "I will meet you at the Thirtieth Street station."

"No; I do not want to meet you at the railroad station. Come to the Bellevue." I went to the Bellevue at 3 o'clock, and there he

was in the lobby. We went back into the back part of the lobby, where nobody was at the time. There was an abandoned cafe there. We went there. He told me what a wonderful time he had had in Europe. He told me all about his trip to Europe. Now, he is a very eggy individual. He always approaches everything from afar. He is really a very nice, plausible fellow. But I gather, after this association with him, that due to this wound in his head, he is a little inconsistent, a little flighty. He is being used, too, but I do not think Clark is using him. My impression is that Murphy uses him; and he uses Clark, because Clark has the money. So he finally said, "We are going down to the convention in Miami. You are coming?"

I said, "No; I am not going to the convention."

He said, "The time has come now to get the soldiers together."

"Yes," I said, "I think so, too." He said, "I went abroad to study the part that the veteran plays in the various set-ups of the governments that they have abroad. I went to Italy for 2 or 3 months and studied the position that the veterans of Italy occupy in the Fascist set-up of government, and I discovered that they are the background of Mussolini. They keep them on the pay rolls in various ways and keep them contented and happy; and they are his real backbone, the force on which he may depend, in case of trouble, to sustain him. But that set-up would not suit us at all. The soldiers of America would not like that. I then went to Germany to see what Hitler was doing, and his whole strength lies in organizations of soldiers, too. But that would not do. I looked into the Russian business. I found that the use of the soldiers over there would never appeal to our men. Then I went to France, and I found just exactly the organization we are going to have. It is an organization of supersoldiers." He gave me the French name for it, but I do not recall what it is. I never could have pronounced it, anyhow. But I do know that it is a superorganization of members of all the other soldiers' organizations of France, composed of noncommissioned officers and officers. He told me that they had about 500,000, and that each one was a leader of 10 others, so that it gave them 5,000,000 votes. And he said, "Now, that is our idea here in America—to get up an organization of that kind."

I said, "What do you want to do with it when you get it up?"

"Well," he said, "we want to support the President."

I said, "The President does not need the support of that kind of an organization. Since when did you become a supporter of the President? The last time I talked to you you were against him."

He said, "Well, he is going to go along with us now."

"Is he?"

"Yes."

"Well, what are you going to do with these men, suppose you get these 500,000 men in America? What are you going to do with them?"

"Well," he said, "they will be the support of the President."

I said, "The President has got the whole American people. Why does he want them?"

He said, "Don't you understand the set-up has got to be changed a bit? Now, we have got him—we have got the President. He has got to have more money. There is not any more money to give him. Eighty percent of the money now is in Government bonds, and he

cannot keep this racket up much longer. He has got to do something about it. He has either got to get more money out of us or he has got to change the method of financing the Government, and we are going to see to it that he does not change that method. He will not change it.

I said, "The idea of this great group of soldiers, then, is to sort of frighten him, is it?"

"No, no, no; not to frighten him. This is to sustain him when others assault him."

I said, "Well, I do not know about that. How would the President explain it?"

He said: "He will not necessarily have to explain it, because we are going to help him out. Now, did it ever occur to you that the President is overworked? We might have an Assistant President, somebody to take the blame; and if things do not work out, he can drop him."

He went on to say that it did not take any constitutional change to authorize another Cabinet official, somebody to take over the details of the office—take them off the President's shoulders. He mentioned that the position would be a secretary of general affairs—a sort of a supersecretary.

The CHAIRMAN. A secretary of general affairs?

General BURNER. That is the term used by him—or a secretary of general welfare—I cannot recall which. I came out of the interview with that name in my head. I got that idea from talking to both of them, you see. They had both talked about the same kind of relief that ought to be given the President, and he said: "You know, the American people will swallow that. We have got the newspaper. We will start a campaign that the President's health is failing. Everybody can tell that by looking at him, and the dumb American people will fall for it in a second."

And I could see it. They had that sympathy racket, that they were going to have somebody take the patronage off of his shoulders and take all the worries and details off of his shoulders, and then he will be like the President of France. I said, "So that is where you got this idea?"

He said: "I have been traveling around—looking around. Now, about this superorganization—would you be interested in heading it?"

I said, "I am interested in it, but I do not know about heading it. I am very greatly interested in it, because you know, Jerry, my interest is, my one hobby is, maintaining a democracy. If you get these 500,000 soldiers advocating anything smelling of Fascism, I am going to get 500,000 more and lick the hell out of you, and we will have a real war right at home. You know that."

"Oh, no. We do not want that. We want to ease up on the President."

He is going to ease up on him.

"Yes; and then you will put somebody in there you can run; is that the idea? The President will go around and christen babies and dedicate bridges, and kiss children. Mr. Roosevelt will never agree to that himself."

"Oh, yes; he will. He will agree to that."

I said, "I do not believe he will." I said, "Don't you know that this will cost money, what you are talking about?"

He says, "Yes; we have got \$3,000,000 to start with, on the line, and we can get \$300,000,000, if we need it."

"Who is going to put all this money up?"

"Well," he said, "you heard Clark tell you he was willing to put up \$15,000,000 to save the other \$15,000,000."

"How are you going to care for all these men?"

He said, "Well, the Government will not give them pensions, or anything of that kind, but we will give it to them. We will give them privates \$10 a month and destitute captains \$35. We will get them all right."

"It will cost you a lot of money to do that."

He said, "We will only have to do that for a year, and then everything will be all right again."

Now, I cannot recall which one of these fellows told me about the rule of succession, about the Secretary of State becoming President when the Vice President is eliminated. There was something said in one of the conversations that I had, that the President's health was bad, and he might resign, and that Garner did not want it, anyhow, and then this supersecretary would take the place of the Secretary of State and in the order of succession would become President. That was the idea. He said that they had this money to spend on it, and he wanted to know again if I would head it, and I said, "No; I was interested in it, but I would not head it."

He said, "When I was in Paris, my headquarters were Morgan & Hodges. We had a meeting over there. I might as well tell you that our group is for you, for the head of this organization. Morgan & Hodges are against you. The Morgan interests say that you cannot be trusted, that you will be too radical, and so forth, that you are too much on the side of the little fellow; you cannot be trusted. They do not want you. But our group tells them that you are the only fellow in America who can get the soldiers together. They say, 'Yes, but he will get them together and go in the wrong way.' That is what they say if you take charge of them."

So he left me, saying, "I am going down to Miami and I will get in touch with you after the convention is over, and we are going to make a fight down there for the gold standard, and we are going to organize."

So since then, in talking to Paul French here—I had not said anything about this other thing, it did not make any difference about fiddling with the gold standard resolution, but this looked to me as though it might be getting near, that they were going to stir some of these soldiers up to hurt our Government. I did not know anything about this committee, so I told Paul to let his newspaper see what they could find out about the background of these fellows. I felt that it was just a racket, that these fellows were working one another and getting money out of the rich, selling them gold bricks. I have been in 752 different towns in the United States in 3 years and 1 month, and I made 1,022 speeches. I have seen absolutely no sign of anything showing a trend for a change of our form of Government. So it has never appealed to me at all. But

as long as there was a lot of money stirring around—and I had noticed some of them with money to whom I have talked were dissatisfied and talking about having dictators—I thought that perhaps they might be tempted to put up money.

Now, there is one point that I have forgotten which I think is the most important of all. I said, "What are you going to call this organization?"

He said, "Well, I do not know."

I said, "Is there anything stirring about it yet?"

"Yes," he says; "you watch; in 2 or 3 weeks you will see it come out in the paper. There will be big fellows in it. This is to be the background of it. These are to be the villagers in the opera. The papers will come out with it." He did not give me the name of it, but he said that it would all be made public; a society to maintain the Constitution, and so forth. They had a lot of talk this time about maintaining the Constitution. I said, "I do not see that the Constitution is in any danger," and I asked him again, "Why are you in this thing?" He said, "I am a business man. I have got a wife and children."

In other words, he had had a nice trip to Europe with his family, for 9 months, and he said that that cost plenty, too.

The CHAIRMAN. Did you have any further talks with him?

General BUTLER. No. The only other time I saw or heard from him was when I wanted Paul to uncover him. He talked to me and he telephoned Paul, saying he wanted to see him. He called me up and asked if Paul was a reputable person, and I said he was. That is the last thing I heard from him.

The CHAIRMAN. The last talk you had with MacGuire was in the Bellevue in August of this year?

General BUTLER. August 22; yes. The date can be identified, The CHAIRMAN. We thank you, General Butler, for coming here this morning.

We will hear Mr. French.

TESTIMONY OF PAUL COMLY FRENCH

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you state your name for the record?

Mr. FRENCH. Paul Comly French.

The CHAIRMAN. With whom are you connected?

Mr. FRENCH. I am a reporter for the Philadelphia Record and the New York Evening Post.

The CHAIRMAN. You have heard the General's testimony. Will you make any statement you care to make at this time?

Mr. FRENCH. The General told me about this in September. We talked it over and I got in touch with MacGuire in New York and arranged to come and see him.

The CHAIRMAN. That is September of this year?

Mr. FRENCH. September 13, 1934, I came to New York, went to his office on the twelfth floor of 52 Broadway. The whole floor is occupied by Grayson M.-P. Murphy & Co. At first he was somewhat cagey in talking, and then he warmed up.

The CHAIRMAN. You had this talk with MacGuire?

Mr. FRENCH. Gerald P. MacGuire in the offices of Grayson M.-P. Murphy & Co., the twelfth floor of 52 Broadway, shortly after 1 o'clock in the afternoon. He has a small private office there and I went into his office. I have here some direct quotes from him. As soon as I left his office I got to a typewriter and made a memorandum of everything that he told me.

We need a Fascist government in this country, he insisted, to save the Nation from the communists who want to tear it down and wreck all that we have built in America. The only men who have the patriotism to do it are the soldiers and Smedley Butler is the ideal leader. He could organize a million men over night.

During the conversation he told me he had been in Italy and Germany during the summer of 1934 and the spring of 1934 and had made an intensive study of the background of the Nazi and Fascist movements and how the veterans had played a part in them. He said he had obtained enough information on the Fascist and Nazi movements and of the part played by the veterans, to properly set up one in this country.

He emphasized throughout his conversation with me that the whole thing was tremendously patriotic, that it was saving the Nation from communists, and that the men they deal with have that crackbrained idea that the Communists are going to take it apart. He said the only safeguard would be the soldiers. At first he suggested that the General organize this outfit himself and ask a dollar a year dues from everybody. We discussed that, and then he came around to the point of getting outside financial funds, and he said that it would not be any trouble to raise a million dollars.

During the course of the conversation he continually discussed the need of a man on a white horse, as he called it, a dictator who would come galloping in on his white horse. He said that was the only way; either through the threat of armed force or the delegation of power, and the use of a group of organized veterans, to save the capitalistic system.

He warmed up considerably after we got under way and he said, "We might go along with Roosevelt and then do with him what Mussolini did with the King of Italy."

It fits in with what he told the general, that we would have a Secretary of General Affairs, and if Roosevelt played ball, swell; and if he did not, they would push him out.

He expressed the belief that at least half of the American Legion and the Veterans of Foreign Wars would follow the general if he would announce such a plan.

He then pushed a letter across the desk and said that it was from Louis Johnson, a former national commander of the American Legion.

The CHAIRMAN. Did he show you the letter?

Mr. FRENCH. I did not read it. He just passed it over so I could see it, but he did not show it to me. He said that he had discussed the matter with him along the lines of what we were now discussing, and I took it to mean that he had talked of this Fascist proposition with Johnson, and Johnson was in sympathy with it.

During the conversation he also mentioned Henry Stephens, of Warsaw, N. C., a former national commander of the American

Legion, and said that he was interested in the program. Several times he brought in the names of various former national commanders of the American Legion, to give me the impression that, whether justly or unjustly, a group in the American Legion were actively interested in this proposition.

The CHAIRMAN. In other words, he mentioned a lot of prominent names; and whether they are interested or not, you do not know, impress on you the significance of this movement?

Mr. FRENCH. That is precisely the impression I gained from him. He had a very brilliant solution of the unemployment situation. He said that Roosevelt had muffed it terrifically, but that he had had used in putting all of the unemployed in labor camps or barracks—enforced labor. That would solve it overnight, and he said that when they got into power, that is what they would do; that was the ideal plan.

He had another suggestion to register all persons all over the country, like they do in Europe. He said that would stop a lot of these Communist agitators who were running around the country.

He said that a crash was inevitable and was due to come when bonds reach 5 percent. He said that the soldiers must prepare to save the Nation.

Now, that is the substance of the conversation. It lasted, I should say, about an hour and a half or 2 hours. When I left him he said that he planned to get in touch with the general and again try to persuade him to accept the leadership of this organization; that he was going to Miami in a couple of weeks for the national convention, to do a little work.

The CHAIRMAN. To beat the bonus?

Mr. FRENCH. Yes.

The CHAIRMAN. I thought he was for the bonus.

Mr. FRENCH. He was at first.

General Butler (interposing). He wants it paid in gold. Clark told me that he had been for the bonus or that he would be for the bonus if we could get the gold standard restored.

Mr. FRENCH. Then he said he would be in Miami. I told him that the general was going out on a rather lengthy speaking tour and did not know how to get to him. He said that he would either see him before he went to Miami or, if he could not, after he came back from Miami. But he did not see him and in a couple of days the general went out West.

Then I went back to see MacGuire on the 27th of September and talked to him for only a few minutes this time. In the meantime I had tried to get in touch with him once when I was in New York, but he was then in Miami and could not. At this time he said that he was extremely sorry that he could not get to Newton Square, but hoped to do so soon; that things were moving nicely. Everything is coming our way, is the way he expressed it.

The CHAIRMAN. That is all.

(Whereupon the committee recessed until 2:30 p. m.)

(At the conclusion of the recess the subcommittee convened and heard testimony from two witnesses upon another subject, after

which the subcommittee returned to the subject about which the morning session related and the chairman called as a witness Mr. Gerald C. MacGuire.)

TESTIMONY OF GERALD C. MACGUIRE

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Let the record show that the witness is accompanied by his counsel, Norman L. Marks, of 10 East Fortieth Street, New York City.

Will you give your name?

Mr. MacGuire. Gerald C. MacGuire.

The CHAIRMAN. I will say that counsel is allowed to be present as a matter of courtesy. Counsel is at liberty, if counsel thinks that the constitutional rights of his client are involved, to advise him as to what he thinks the proper course is to take.

Mr. MARKS. I am quite sure that no such question will arise.

Mr. MacGuire. Mr. Chairman, may I say something, please?

Mr. MARKS. May I suggest that you allow the chairman to ask questions, and I think we will get along much better.

The CHAIRMAN. Your place of business is where?

Mr. MacGuire. Grayson M.-P. Murphy & Co., 52 Broadway, New York City.

The CHAIRMAN. What is your connection with the company?

Mr. MacGuire. I am a bond salesman.

The CHAIRMAN. How long have you been connected with them?

Mr. MacGuire. Going on 5—4 years; say, 4 years.

The CHAIRMAN. You live where?

Mr. MacGuire. Darien, Conn.

The CHAIRMAN. You are a past department commander in the American Legion?

Mr. MacGuire. No, sir; never held an office in the American Legion. I have just been a Legionnaire—oh, I beg your pardon. I did hold one office. I was on the distinguished guest committee of the Legion in 1933, I believe.

The CHAIRMAN. That was for the Chicago convention?

Mr. MacGuire. No; that was Portland, Oreg.

The CHAIRMAN. In 1933? When was the Chicago convention?

Mr. MacGuire. It was in 1932. I was appointed by Louis Johnson on the distinguished guest committee.

Mr. MARKS. May I interrupt to explain one thing? Our conventions come at the end of the year.

The CHAIRMAN. I am a Legionnaire myself.

Mr. MARKS. And these appointments are made for the following convention.

The CHAIRMAN. Then, you were a member of the distinguished guest committee for the convention of 1933?

Mr. MacGuire. That is right; yes, sir.

The CHAIRMAN. You were appointed by the national commander?

Mr. MacGuire. Johnson.

The CHAIRMAN. At the 1933 convention in Chicago?

Mr. MacGuire. That is right.

The CHAIRMAN. You know Bill Doyle, do you not?

Mr. MacGUIRE. Yes.

The CHAIRMAN. Do you know General Butler?

Mr. MacGUIRE. I do.

The CHAIRMAN. Did you and Bill Doyle go to see General Butler?

Mr. MacGUIRE. July of 1933?

The CHAIRMAN. Yes.

Mr. MacGUIRE. Why, Mr. Chairman, to my recollection it was in May of 1933; either April or May.

The CHAIRMAN. All right; sometime in 1933.

Mr. MacGUIRE. Yes.

The CHAIRMAN. Who sent you there?

Mr. MacGUIRE. I went—I did not go directly. I was in Philadelphia. Doyle was with me in Philadelphia on business and I called General Butler up and asked him if we could see him. He said yes, and we drove out to see him.

The CHAIRMAN. Was it you, Mr. MacGUIRE, who called him up?

Mr. MacGUIRE. Yes.

The CHAIRMAN. Had you ever met the General before that?

Mr. MacGUIRE. I had met him; yes. I do not know just where, but at some veterans' gathering, somewhere around New York, a couple of years previous to that.

The CHAIRMAN. That was purely incidental?

Mr. MacGUIRE. Yes. And at that time, when I met the General, as I told him—

The CHAIRMAN. The time you met him previous to the time we are inquiring about, you met just like fellows will meet one another?

Mr. MacGUIRE. Yes. That particular time I brought up the point that a lot of people had been talking about him, and I asked him to explain the story of the Williams case out on the coast, which he did, to me.

The CHAIRMAN. That is the first time you met him?

Mr. MacGUIRE. Yes.

The CHAIRMAN. We need not go into that. You say you telephoned him from Philadelphia?

Mr. MacGUIRE. Yes.

The CHAIRMAN. Did anyone else telephone him?

Mr. MacGUIRE. From Philadelphia?

The CHAIRMAN. From Washington. Do you know of anyone telephoning him from Washington as a result of which you and Bill Doyle went out to see him?

Mr. MacGUIRE. It seems to me that along 2 or 3 months after that we were in Washington and I believe from the Mayflower Hotel we called his place.

The CHAIRMAN. In any event, the first time you went out there was some time in May or June of 1933?

Mr. MacGUIRE. That is right.

The CHAIRMAN. And you and Bill Doyle went out to see him?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. When you called up, did you tell him who you were?

Mr. MacGUIRE. Yes.

The CHAIRMAN. And you asked him if he would meet you?

Mr. MacGUIRE. I told him that I had met him around some place and that I was interested in the Legion and asked him if he could see us, and he said, "Fine; be glad to."

The CHAIRMAN. And you and Mr. Doyle went up to see him?

Mr. MacGUIRE. That is right.

The CHAIRMAN. You were there for about how long, Mr. MacGUIRE?

Mr. MacGUIRE. Well, roughly I should say about an hour and ten minutes, something like that.

The CHAIRMAN. What was the purpose of the visit?

Mr. MacGUIRE. Well, there are two different reasons. One was that we were thinking of forming a committee for a sound dollar and a sound currency, and the other was that I had always been a great admirer of General Butler and I thought that he would be a fine man to be commander of the Legion. Both of those subjects were brought up.

The CHAIRMAN. Was there some talk about unseating the royal family of the American Legion?

Mr. MacGUIRE. No; I do not believe that was brought up. I think what was said was more or less general; that there was a good opportunity in the Legion for a man of his caliber and leadership and if there was any way possible and he was a delegate to the Chicago convention, we might be able to get him to run and be commander.

The CHAIRMAN. With reference to the matter of being a delegate, was there any talk about how he would be a delegate and from where?

Mr. MacGUIRE. I think it was discussed and we asked him if he could be a delegate from Pennsylvania and he said no, that "The boys here do not like me and I do not think they would elect me from here." I think either Doyle or myself—I do not know which one it was; Doyle probably, because he knew more about the policies of the Legion than I; I do not know exactly what happened, but I think the General suggested that he had some friends other places and he might try that.

The CHAIRMAN. Did you or Doyle suggest his being a delegate from Hawaii?

Mr. MacGUIRE. As far as I can recall, Mr. Chairman, I think that generally speaking when discussed the possibilities of where he could be a delegate from—well, you are a legionnaire, Mr. Chairman, and you understand that in order for a man to be on the floor and have a voice in the convention, he has got to be a delegate.

The CHAIRMAN. Surely.

Mr. MacGUIRE. So, naturally, the first proceeding would be to try to get him to be a delegate and, I think in discussing it, probably Hawaii was mentioned as well as Guam and a few other places.

The CHAIRMAN. In the conversation did you or Mr. Bill Doyle say that you were very anxious to unseat those who were in the leadership of the American Legion?

Mr. MacGUIRE. I do not think we did in that way, in the way in which you are putting it.

The CHAIRMAN. Was there some talk along that line? Were you and Doyle against those who were in control of the Legion at that time?

Mr. MacGuire. No, sir; positively not.

The CHAIRMAN. Was there any talk along that line?

Mr. MacGuire. There was talk. I thought that he would be a good man, so did Doyle, for commander of the Legion; and naturally, if you are going to have a man for commander, he has got to be against some people who are also putting a man up.

The CHAIRMAN. What talk did you have with him about the sound dollar and the gold standard? Was the gold standard mentioned?

Mr. MacGuire. No; the gold standard was not mentioned. As a matter of fact, I do not think the gold standard or the sound dollar committee was gone into very much at that particular meeting.

The CHAIRMAN. You said that in this talk—

Mr. MacGuire. It was brought up, and the reason it was brought up is this—

The CHAIRMAN. Never mind the reason. In what way was it brought up? I would like to know just what the conversation was.

Mr. MacGuire. As I said, I was going to form this committee for a sound dollar; and I thought General Butler, being a public man and going out speaking for various movements as he has in the past and getting paid for it, would be glad to accept the fee for going out and speaking for the committee for a sound dollar. That was the object in bringing it up.

The CHAIRMAN. Did you talk with him along that line?

Mr. MacGuire. Yes.

The CHAIRMAN. Did you leave a speech with him—a speech that he was to make to the convention if he went out there?

Mr. MacGuire. No, sir.

The CHAIRMAN. Did you later? Did you at any time leave a speech with him?

Mr. MacGuire. No, sir.

The CHAIRMAN. Urging the support of a resolution at the convention, placing the national convention on record as favoring a restoration of this country to the gold standard?

Mr. MacGuire. No, sir.

The CHAIRMAN. Did you tell him that you were not in sympathy with the present administration of the Legion; that they were not watching out for the interest of the soldier?

Mr. MacGuire. That the present administration of the Legion was not watching out for the interest of the soldier?

The CHAIRMAN. Pardon me. I will redraft that question. Did you say anything about the present administration in Washington not looking out for the soldier?

Mr. MacGuire. Positively not.

The CHAIRMAN. I am just asking you the question.

Mr. MacGuire. I have always been in favor of the administration in Washington—always supported it.

The CHAIRMAN. Was anything said about weakening the influence of the administration with the soldier? Did you or Doyle say anything along that line?

Mr. MacGuire. What is that again?

The CHAIRMAN. Weakening the influence of the administration with the soldier?

Mr. MacGuire. No, sir; I do not believe the administration was mentioned, as far as President Roosevelt or anybody down there are concerned.

The CHAIRMAN. Did you tell him what position you occupied on the distinguished-guest committee?

Mr. MacGuire. I was the distinguished-guest committeeman in New York, of the national committee.

The CHAIRMAN. Did you tell him that you were a member of the distinguished-guest committee?

Mr. MacGuire. I believe I did; yes, sir.

The CHAIRMAN. What occasion did you have for telling him that?

Mr. MacGuire. Just merely in conversation, that I was appointed as a member of the distinguished-guest committee in the Legion.

The CHAIRMAN. Did you ask him to go out to the convention as a distinguished guest of the convention?

Mr. MacGuire. I told General Butler that I thought it would be a good idea if he could be a distinguished guest to the Chicago convention.

The CHAIRMAN. Yes.

Mr. MacGuire. And I thought that it would be, because I admired the man, and I thought he would make a good distinguished guest.

The CHAIRMAN. He was not invited, was he?

Mr. MacGuire. That I cannot say. I do not believe he was. I am not sure, but I would rather not say for the record, because I do not know.

The CHAIRMAN. Did you come back 2 or 3 days later to see him?

Mr. MacGuire. Two or three days later?

The CHAIRMAN. Yes.

Mr. MacGuire. No, sir.

The CHAIRMAN. At the time of the first talk there was a discussion of his being a delegate to the convention?

Mr. MacGuire. Yes.

The CHAIRMAN. You had later talks with him, did you not?

Mr. MacGuire. Yes.

The CHAIRMAN. How many would you say, altogether?

Mr. MacGuire. I should say, altogether, I talked with General Butler eight or nine times. I have been in Philadelphia, and I have called him up, and he has met me and I have met him, and we have talked different times.

The CHAIRMAN. You knew at some time or other that he could not go out as a delegate?

Mr. MacGuire. Yes, sir.

The CHAIRMAN. Was there some talk about his going out as an individual legionnaire and having two or three hundred other legionnaires go out to Chicago, too?

Mr. MacGuire. No, sir.

The CHAIRMAN. Did you at any time tell him, after the delegate idea was given up, that he was to go out as an ordinary legionnaire and to get two or three hundred other legionnaires to go to Chicago, and that when he came into the convention they were to demand that he make a speech?

Mr. MacGuire. No; I do not believe so; no, sir.

The CHAIRMAN. Well, did you tell him that?

Mr. MacGuire. No, sir; I did not.

The CHAIRMAN. Did he say to you, "What am I going to talk about?" And did you say to him, "Well, we have your speech here", and you left it? Did you leave a speech there?

Mr. MacGuire. No, sir.

The CHAIRMAN. Did any talk of that kind take place?

Mr. MacGuire. No, sir.

The CHAIRMAN. Was there any talk about how or from where these two or three hundred other men were to go to Chicago?

Mr. MacGuire. No, sir.

The CHAIRMAN. Did you at any time say that you would see to it that there expenses were paid—that "We have plenty"?

Mr. MacGuire. No, sir.

The CHAIRMAN. Was Mr. Doyle with you the second time that you visited him?

Mr. MacGuire. No, sir. Mr. Doyle was only with me once.

The CHAIRMAN. At any time did you take out a bank book and show him deposits in it?

Mr. MacGuire. No, sir.

The CHAIRMAN. One with around 40 or 50 thousand dollars?

Mr. MacGuire. No, sir.

The CHAIRMAN. Where did you see him the second time, Mr. MacGuire?

Mr. MacGuire. General Butler?

The CHAIRMAN. Yes.

Mr. MacGuire. Well, Mr. McCormack, I do not know whether it was down in Philadelphia or whether it was in Newark at a meeting of the Twenty-ninth Division; or he wrote me a letter, I believe, and said that he was going to be at this meeting in Newark, as far as I can recollect; or he called me up and asked me if I would go over there. It was on a Sunday, and I went over. I think that is the second time I met him; or the third time, rather, because the second time was when you say I was down there with this speech, and so forth.

The CHAIRMAN. I am not saying anything. What happened in Newark?

Mr. MacGuire. In Newark?

The CHAIRMAN. Yes.

Mr. MacGuire. I went over there, and I met General Butler. I looked him up—went up to his room—and he asked me to have lunch with him and then later go and hear his speech in the theater down there—I forget the name of it. I said, "Certainly"; and we had lunch with him and then went down and heard his speech; and after that he was surrounded with a lot of fellows, and he was going to stay there for the dinner that they were going to have that night, and I went home.

The CHAIRMAN. You were in the Navy during the war?

Mr. MacGuire. Yes, sir.

The CHAIRMAN. How did you happen to be at this convention of the Twenty-ninth?

Mr. MacGuire. He invited me.

The CHAIRMAN. He wrote you and invited you?

Mr. MacGuire. Yes, sir.

The CHAIRMAN. Have you got the letter?

Mr. MacGuire. He either wrote me or called me on the telephone; which, I do not know.

The CHAIRMAN. You never showed him a bank book?

Mr. MacGuire. I never did; no, sir.

The CHAIRMAN. Do you know Colonel Murphy?

Mr. MacGuire. Yes, sir.

The CHAIRMAN. Are you associated with him in any way?

Mr. MacGuire. Yes, sir; he is my boss.

The CHAIRMAN. Did you mention his name to General Butler?

Mr. MacGuire. No, sir; excepting that he inferred that because I was with Colonel Murphy, that I was there in connection with the firm.

The CHAIRMAN. Did he at any time ask you where you got the money?

Mr. MacGuire. I never had any money, and he never asked me if I had any.

The CHAIRMAN. In what way did Colonel Murphy's name come into the conversation?

Mr. MacGuire. I cannot answer that; I do not know. I do not think it ever came in in a discussion between General Butler and myself.

The CHAIRMAN. Did you ever mention Mr. Clark to him?

Mr. MacGuire. Mr. Clark? Yes; in connection with the committee for a sound dollar. I mentioned that Mr. Clark was the man who was going to back up the committee.

The CHAIRMAN. In what way back up the committee?

Mr. MacGuire. With money.

The CHAIRMAN. Did he?

Mr. MacGuire. Yes, sir.

The CHAIRMAN. How much did he give?

Mr. MacGuire. \$30,000.

The CHAIRMAN. Whom did he give it to?

Mr. MacGuire. He gave it to me.

The CHAIRMAN. Where is that money?

Mr. MacGuire. The money was duly put in the Central Hanover Bank & Trust Co.

The CHAIRMAN. In whose name?

Mr. MacGuire. And a committee formed to function.

The CHAIRMAN. In whose name?

Mr. MacGuire. A committee for a sound dollar and a sound currency, incorporated.

The CHAIRMAN. That is the way it was deposited?

Mr. MacGuire. Yes.

The CHAIRMAN. When was that money given to you?

Mr. MacGuire. I cannot give you the exact dates.

The CHAIRMAN. Was it given before your talks with Butler or afterward?

Mr. MacGuire. That was long afterward. The money that Mr. Clark gave me was given to me long after the Chicago convention of the Legion.

The CHAIRMAN. That was in 1933?

Mr. MacGuire. Yes, sir. I should say around October or November 1933.

The CHAIRMAN. Who draws the checks on this fund?

Mr. MacGUIRE. A man by the name of Esterbrook. He was treasurer.

The CHAIRMAN. What is his full name?

Mr. MacGUIRE. Charles Esterbrook, 145 Harrison Avenue, Jersey City, N. J.

The CHAIRMAN. Who has the books and checks, canceled checks? Mr. MacGUIRE. They can be produced at the proper time.

The CHAIRMAN. Was any more money received other than what you have mentioned?

Mr. MacGUIRE. \$1,000 from Mr. Frew, of the Corn Exchange Bank & Trust Co., Walter E. Frew.

The CHAIRMAN. Are the books in your possession, Mr. MacGUIRE? Mr. MacGUIRE. Right now they are not; no, sir.

The CHAIRMAN. That is why you cannot produce them?

Mr. MacGUIRE. That is right; yes, sir.

The CHAIRMAN. Who has them now?

Mr. MacGUIRE. I believe Mr. Esterbrook or the auditors.

The CHAIRMAN. Who are the auditors?

Mr. MacGUIRE. John A. Conlon & Co., certified public accountants, Newark, N. J.

The CHAIRMAN. Did you receive any money personally from Mr. Clark?

Mr. MacGUIRE. Personally?

The CHAIRMAN. Yes.

Mr. MacGUIRE. Yes, sir. I received \$7,200-and-something, I just forget what was the full amount, for traveling expenses to Europe.

The CHAIRMAN. When did you receive that?

Mr. MacGUIRE. I believe that was received in March.

The CHAIRMAN. Of this year?

Mr. MacGUIRE. Yes; and I have received, I think, \$2,500 at another time and \$1,000 at another time.

The CHAIRMAN. From Mr. Clark?

Mr. MacGUIRE. From Mr. Clark for expenses.

The CHAIRMAN. Did you receive anything from anybody else?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Did you deposit that money?

Mr. MacGUIRE. Deposit the money?

The CHAIRMAN. This money that you personally received from Mr. Clark, something over \$10,000.

Mr. MacGUIRE. I deposited it in the Manufacturers Trust Co.

The CHAIRMAN. In your own name?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. What branch of the Manufacturers Trust Co.? Mr. MacGUIRE. The main office, 55 Broad.

The CHAIRMAN. Do you have any other account in any other bank?

Mr. MacGUIRE. Yes.

The CHAIRMAN. Where?

Mr. MacGUIRE. The Irving Trust Co. and the Central Hanover.

The CHAIRMAN. Are they both in your name?

Mr. MacGUIRE. Yes, sir; my name or my wife's.

The CHAIRMAN. In what names are they? Are they in your joint names?

Mr. MacGUIRE. Joint name, yes; G. C. and E. W. MacGUIRE.

The CHAIRMAN. Have you any other deposits in any other banks? Mr. MacGUIRE. No, sir; the Irving and the Central Hanover and the Manufacturers.

The CHAIRMAN. Have you any deposits under any other name in any other banks?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. By the way, what is your salary with this concern?

Mr. MacGUIRE. My drawing account is \$432 a month right now.

The CHAIRMAN. Was that your drawing account when you started there?

Mr. MacGUIRE. No, sir. It was \$7,500.

The CHAIRMAN. A year?

Mr. MacGUIRE. Yes.

The CHAIRMAN. It has been reduced?

Mr. MacGUIRE. Yes.

The CHAIRMAN. And you are on commission, are you?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. And you earn commissions in addition to that?

Mr. MacGUIRE. I have; yes, sir.

The CHAIRMAN. What were these amounts of \$7,200 and \$2,500 and \$1,000 given by Mr. Clark for?

Mr. MacGUIRE. Expenses. The \$2,500 and the \$1,000 were in connection with the expenses of organizing the committee for a sound dollar and doing necessary work in that connection, and the \$7,200 was for a trip to Europe that I made in connection with a study of securities, and so forth, over there.

The CHAIRMAN. Did you know that Mr. Clark had a personal talk with General Butler?

Mr. MacGUIRE. It seems to me that he mentioned it to me, but I am not sure.

The CHAIRMAN. Who mentioned it?

Mr. MacGUIRE. That Mr. Clark did mention it, but he mentioned it in connection with—

The CHAIRMAN. Did you know that Mr. Clark talked with him about going to the convention?

Mr. MacGUIRE. No, sir; I do not.

The CHAIRMAN. And that he, Clark, said that he would see that he had a chance to speak there?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. That he would arrange it through you?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Do you not remember giving him the speech that he was to make?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Will you say that you did not?

Mr. MacGUIRE. I did not.

The CHAIRMAN. Did Mr. Clark call you up in Chicago at any time?

Mr. MacGUIRE. Mr. Clark? No, sir.

The CHAIRMAN. He did not?

Mr. MacGUIRE. No; he did not. I called him in New York.

The CHAIRMAN. Did he ever call you up in Chicago from General Butler's home?

Mr. MacGUIRE. From General Butler's home?

The CHAIRMAN. Yes.
Mr. MacGUIRE. No, sir; to my recollection he did not.
The CHAIRMAN. At the convention, where did you stay, what hotel?
Mr. MacGUIRE. The Palmer House.

The CHAIRMAN. But at no time did you receive a call from Mr. Clark while you were in Chicago?

Mr. MacGUIRE. To my recollection, no.

The CHAIRMAN. Particularly from General Butler's own home?

Mr. MacGUIRE. To my recollection, no.

The CHAIRMAN. And was not the main subject of talk that you had with General Butler on several occasions the adoption of a resolution by the convention urging the Government to return to the gold standard?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Was such a resolution adopted out there?

Mr. MacGUIRE. Yes; it was.

The CHAIRMAN. Who proposed it, if you remember?

Mr. MacGUIRE. Well, I think I had as much to do with proposing it as anyone; and Bill Doyle.

The CHAIRMAN. Did Clark at any time tell you that Butler would not go to the convention and that he was going to Canada?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. And for you to let loose the telegrams; let the telegrams go?

Mr. MacGUIRE. Let me get that straight.

The CHAIRMAN. Or words to that effect; something about sending telegrams to the delegates at the convention?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Were telegrams sent to the delegates at the convention in connection with the adoption of this resolution to return to the gold standard?

Mr. MacGUIRE. Not to my knowledge. They were not sent by me. The CHAIRMAN. Do you know whether or not any expenses were paid out of this fund, any payments were made for the sending of telegrams to delegates at the convention?

Mr. MacGUIRE. Telegrams to delegates? I do not believe there were any telegrams sent to delegates concerning this resolution that you speak of paid for out of the expense fund that you mention. The CHAIRMAN. Do you know if any telegrams were sent at all in connection with the adoption of this resolution?

Mr. MacGUIRE. Yes. At the end of the convention, after the convention had adopted the resolution, I sent telegrams myself. The CHAIRMAN. How many?

Mr. MacGUIRE. Oh, I should think 99. That was part of the expense money; that is, part of the expense money was used for that. The CHAIRMAN. Prior to the adoption of the resolution?

Mr. MacGUIRE. Prior to the adoption—I do not believe so.

The CHAIRMAN. So far as you know, you did not do it?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. And you definitely know that?

Mr. MacGUIRE. That is right; yes, sir.

The CHAIRMAN. You definitely know that nothing was paid out of this fund for telegrams?

Mr. MacGUIRE. Excepting those telegrams that were sent afterward.

The CHAIRMAN. Excepting the 99 that you have referred to?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. Or around a hundred?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. Did Mr. Clark contribute any money in any other way, besides the \$30,000 and the other sums that you have enumerated, he gave to you personally?

Mr. MacGUIRE. No, sir. He has been asked several times to contribute to different funds, but he has refused.

The CHAIRMAN. You went to Europe, and you visited Italy?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. And you sent the General a postcard from Nice?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. You were in Germany?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. You were in Russia?

Mr. MacGUIRE. No.

The CHAIRMAN. You were in France?

Mr. MacGUIRE. Yes; and England and Ireland.

The CHAIRMAN. In August of 1934 did you call General Butler on the phone and ask him if he could meet you in Philadelphia that afternoon? Did you some time in August call him, when you were in Philadelphia, and ask him if he could meet you and did you meet him at the Bellevue?

Mr. MacGUIRE. I think in August I was going down on business to Philadelphia, and I called him and said I would be there and asked him if he was available and if he could meet me.

The CHAIRMAN. Did he meet you at the Bellevue?

Mr. MacGUIRE. Yes. He met me around 5 o'clock at the Bellevue-Stratford. I was there with him for about 20 minutes.

The CHAIRMAN. Did you talk to him about your trip to Europe?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. And at that time I think you were going down to your convention in Miami?

Mr. MacGUIRE. Yes, sir.

The CHAIRMAN. Did you tell him now was the time to get the soldiers together?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Did you tell him at that time that you went abroad to study the part that the veterans played abroad in the set-up of the governments of the countries abroad?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Did you tell him that you went abroad and looked into the set-ups of the governments there and the part that the veterans played in Italy?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Under the Fascist Government?

Mr. MacGUIRE. No, sir.

The CHAIRMAN. Did you say that they were the real backbone or background of Mussolini, but that that system would not apply in America?

Mr. MacGuire. No, sir. The veterans were never mentioned when I met General Butler.

The CHAIRMAN. Did you tell him about going to Germany?

Mr. MacGuire. Yes, sir.

The CHAIRMAN. And that Hitler's strength in his organization was the veterans, but that that set-up would not go well in the United States?

Mr. MacGuire. I would like to tell you what I did tell him about Germany.

The CHAIRMAN. Please tell us.

Mr. MacGuire. I told him that in my opinion Hitler would not last another year in Germany, that he was already on the skids, and that from observations that I made over there, a number of organizations were against him, and to my way of thinking he would not last any longer than any other dictator would last. I did mention the fact also that I thought Mussolini was on the skids.

The CHAIRMAN. Did you at any time tell him about the set-up of the Hitler government and the part that the veterans played in that set-up?

Mr. MacGuire. No, sir. The veterans were not mentioned.

The CHAIRMAN. Did you tell him that you went to France and there you found the organization that "we were looking for"?

Mr. MacGuire. No, sir.

The CHAIRMAN. A superorganization of all the veterans' organizations, of men who were noncommissioned officers and officers?

Mr. MacGuire. I will tell you how that might have come up. He asked me, "What did you find in France?" and I said, "Well, France is having a lot of trouble. They are trying hard to stay on the gold standard, and I think they will succeed." I said that I had had several talks with different people over there and had been very much interested in the economic picture of France, and that different organizations and businesses were very hard hit because of the fact that they were staying on the gold standard. I told him that there had been an organization formed over there, and organization of veterans, men who were in the front-line trenches under fire, and I said that they are a very fine group, that they are with the Government and the people over there, and as far as I could see I thought France was all right. It was mainly economic, my talk.

The CHAIRMAN. Did you talk with him about the forming of an organization of that kind here?

Mr. MacGuire. No, sir.

The CHAIRMAN. Was there any talk in any of these conversations about the necessity of a change in the set-up of Government here?

Mr. MacGuire. No, sir. As a matter of fact, this man French, who wrote this article in the Post, which came out before I had a chance to say anything before this committee—

The CHAIRMAN. Let me say that that article came out before the committee heard the story from these gentlemen.

Mr. MacGuire. As far as this statement is concerned, which was written by Mr. French—well, he came to me about 4 months ago and he outlined a whole lot of things that General Butler had—why, Mr. Chairman, I always thought that this fellow Butler was a friend of mine. He has asked me any number of times about different outfits in the country that wanted him to talk to them, and I have

always said to him, "General, you are crazy to get mixed up in these kind of things"; and the last thing, this fellow came to my office and he said that the general had been approached by some vigilante committee somewhere and they wanted him to lead them. I said that that was just another racket, that those boys wanted his name, because he is a membership getter, and that "if I were you I would go back and tell him to lay off these things, to keep away from that crowd; he has got his retirement pay from the Government; let him go back on the farm and have a good time."

Why, I always thought he was a friend of mine. He has been to me a number of times and asked me about this and that. He sent a fellow to see me—General Williams, I think. He sent this fellow to me and said he had a proposition whereby he wanted to get some R. F. C. work, that he was an engineer, that he had built the barracks at Brest, and that he was a great pal of Butler's. I met him at Butler's house one of the times when I was down there. He introduced me to this fellow and he asked me to come down when I was going to be in Philadelphia—if I could come out to his house, he wanted me to meet somebody, and it was this fellow Williams.

He then outlined a proposition whereby he wanted to get some work from the R. F. C. He was an engineer on some bridge or viaduct and he needed some backing. He said he needed \$100,000 capital to put this deal across to show the R. F. C. that he has got the financial set-up. He said, "Can you help me with Clark?"

I said, "Well, I do not think Mr. Clark would be interested in a thing like that, but I will broach it to him. Give me the literature and the data on this thing."

He said, "I will have it sent to you." And he mailed it to me, and I personally took it up with Mr. Clark's representative, and he said that Mr. Clark would not be interested in this thing, and we let it drop and I sent the stuff back to General Butler.

The CHAIRMAN. Where is Mr. Clark now?

Mr. MacGuire. He is in Europe. Where in Europe, I do not know. He is over there some place. He is traveling around Europe.

The CHAIRMAN. Do you know when he left for Europe?

Mr. MacGuire. Yes; he left in August. I will tell you when he left: He left on the same ship with Carter Glass.

The CHAIRMAN. Was there any talk of an organization of veterans at all?

Mr. MacGuire. No, sir.

The CHAIRMAN. How is it that you and Mr. Doyle went to him? Was it just an accident that you met Doyle? In what way did you meet him?

Mr. MacGuire. That last question that you asked, was there any talk about an organization of veterans—I want to say I thought that you were talking about this immediate picture right here, as far as Mr. Clark and Mr. Butler are concerned. Back at the time that we went there, Doyle and myself, Doyle was more or less interested in—he was interested in a Democratic Veterans Association, which he had worked on during the campaign, and he wanted to revive that and get General Butler into it, with a number of other people, and see if he could not gather together a real live organization.

The CHAIRMAN. Is not Butler a Republican?

Mr. MacGURE. Yes; but he does not profess to be, according to his statements to me. He is greatly in favor of the President, and so forth. That is what he told me.

The CHAIRMAN. How was it that Mr. Clark went to see General Butler, if you know?

Mr. MacGURE. I do not know.

The CHAIRMAN. Why should he have gone if, as you say, there was only this talk that you had with the general?

Mr. MacGURE. Only for the fact that I think at the time I had run up with Mr. Clark and I think I had told him I had been down to see General Butler, and he said, "Oh, I know Old Gimlet Eye." He had just written that book at that time, and Clark said that he had just finished his book and "I must go down to see him some day."

The CHAIRMAN. Did not General Butler at some time ask you whom you represented?

Mr. MacGURE. In what connection; on the sound-dollar committee?

The CHAIRMAN. Yes.

Mr. MacGURE. Yes. I told him Mr. Clark was the man who was financing the sound-dollar committee.

The CHAIRMAN. And he wanted to talk with some one of the principals?

Mr. MacGURE. Yes. He said, "Who is the man in back of this thing?" And I said, "Mr. Clark." That is really how it came out. He said he would like to talk to Mr. Clark.

The CHAIRMAN. Who else besides Clark was interested in this sound-dollar propaganda campaign?

Mr. MacGURE. Mr. Frew, as I say, contributed money.

The CHAIRMAN. Who else was interested?

Mr. MacGURE. And Mr. Doyle was interested.

The CHAIRMAN. And who else?

Mr. MacGURE. Mr. Henry Stevens, of Warsaw, N. C.; Tom Bird, of North Carolina; and a number of other prominent legionnaires. I can get the names. They are all a matter of record.

The CHAIRMAN. What other business men were interested?

Mr. MacGURE. In the beginning, Henry Stevens, down in North Carolina, interviewed, I think, Mr. Woodward, of Charlotte, and Mr. C. E. Taylor, of Wilmington, and some man in the Wacovis Bank & Trust Co. I had a talk with any number of people about the sound-dollar committee.

The CHAIRMAN. Did any others contribute?

Mr. MacGURE. No, sir. There were just two contributors.

The CHAIRMAN. The two you have mentioned?

Mr. MacGURE. Yes, sir.

Let me say this, Mr. Chairman, in connection with the sound-dollar committee. I brought some of the literature here. We got it out principally to educate the public. We had different chapters formed all over the country and specifically stated in our resolution that we were in favor of the President and his position on sound money and that we wanted to back him up as much as possible and we were against the inflationists and the people who were trying to bring about inflation in the country. I would like to have that specifically brought in here.

The CHAIRMAN. You want to leave this with us [referring to literature]?

Mr. MacGURE. Yes, sir.

The CHAIRMAN. What is the date of that?

Mr. MacGURE. There is no date on it. I think that was just at the time that we formed the committee. In other words, this is the resolution forming the committee.

The CHAIRMAN. Whom did the committee consist of?

Mr. MacGURE. Mr. Carroll, of Philadelphia.

The CHAIRMAN. What Mr. Carroll?

Mr. MacGURE. Vincent Carroll. He is the assistant prosecuting attorney in Philadelphia and a prominent legionnaire. Mr. Henry Stevens; Mr. Doyle; myself; Mr. Esterbrook; Tom Bird, of North Carolina; Charlie Erskin, of—I think he is in Washington or Oregon; John Quinn; Frank Belgrano, the present national commander.

The CHAIRMAN. Who was on the committee?

Mr. MacGURE. I can give you all the names. They have more or less slipped my mind at the present time. But it is all a matter of record. It is down in black and white. Here is the pamphlet that we put out on "What inflation will do." I wish you would read that last paragraph on the back sheet.

The CHAIRMAN. Who wrote this pamphlet?

Mr. MacGURE. I believe I had most to do with getting it up. My brother and a couple of friends contributed little thoughts here and there, but I think I had the main work in getting it up.

The CHAIRMAN. That is all for the present.

(Whereupon the committee adjourned until 10:30 a. m., Wednesday, Nov. 21, 1934.)

INVESTIGATION OF UN-AMERICAN ACTIVITIES

WEDNESDAY, NOVEMBER 21, 1934

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE OF THE SPECIAL COMMITTEE ON UN-AMERICAN ACTIVITIES, *New York, N. Y.*

The subcommittee met at 10:30 a. m., pursuant to adjournment, in the yellow room of the Association of the Bar, 42 West Forty-fourth Street, Hon. John W. McCormack (chairman) presiding. (The morning session this day was given to the consideration of another subject.)
(After a luncheon recess, the subcommittee resumed consideration of testimony of Mr. Gerald C. MacGuire.)
(Afternoon session follows:)

AFTERNOON SESSION

WEDNESDAY, NOVEMBER 21, 1934—2 P. M.
GERALD C. MacGUIRE, his testimony being resumed, testified as follows:

TESTIMONY OF GERALD C. MacGUIRE—Resumed

Examination by the CHAIRMAN:

Question. Sometime in September of this year Mr. French called to see you?

Answer. Yes; I believe it was September.

Question. And had you ever met him before?

Answer. No, sir; I never had.

Question. Did he call as a result of a prearrangement?

Answer. No; he called out of a clear sky and said that General Butler had sent him to me.

Question. Prior to that had you called General Butler to try and make an appointment with him?

Answer. No, sir. You mean did French or me?

Question. General Butler prior to that told you he could not come over but he would send somebody?

Answer. No, sir. This man came in out of a clear sky.

Question. All right. Did he say he represented General Butler?

Answer. No. He did not say he represented General Butler, he said he came in as a friend of General Butler and wanted to see me—

Question. You had a talk with him?

Answer. Yes.

Question. At any time prior or during the talk did you call up General Butler and talk with him?

Answer. Yes; I did.

Question. On that third day?

Answer. Yes, sir.

Question. Did you not call up General Butler and ask him if French represented him?

Answer. I called General Butler and I said to General Butler, "A man has called me up known as Billy French. Do you know him?" And he said, "Yes; he is a very good friend of mine, and he is in New York, and I would like for you to see him." And I said, "Fine. Send him up."

Question. Was he in your office at that time?

Answer. No, sir; he was not. He had called up previous to that. Question. I thought you said he came in out of a clear sky.

Answer. This man French has called me up in my office and said he wanted to see me and I said, "Mr. French, who are you?" And he said, "I am a friend of General Butler's." And I said, "I will be very glad to see you, if you will come down." And during the time it took him to come, I believe that was 1 o'clock.

Question. Then in the meanwhile you called up General Butler?

Answer. In the meanwhile I called up General Butler; yes.

Question. Where did you call from?

Answer. From my office.

Question. To where?

Answer. Newtown Square.

Question. Pennsylvania?

Answer. Yes.

Question. What was the question that you were going to talk to French about that prompted you to call Butler down to Pennsylvania without any knowledge as to what French was coming to see you about?

Answer. Nothing; merely to find out what General Butler wanted this man to call to see me about.

Question. Ordinarily, you would have waited until he came up and talked to him to find out what was the purpose of his visit.

Answer. Not necessarily.

Question. Is it your general practice when a man calls you on the phone and says that he is coming to see you as a friend of somebody else, to call up that other person?

Answer. Yes; if a man calls me up, a stranger that I do not know, and says that he represents somebody else, I will call up that other person to find out who he is.

Question. Without any knowledge as to what he was going to talk to you about?

Answer. Exactly.

Question. So you called up General Butler?

Answer. Exactly; and to verify, too, that he said he was a friend of General Butler's.

Question. There is no question that you called up General Butler?

Answer. No question.

Question. Yesterday you said you did not get a call from Clark from Butler's house, but from the Palmer Hotel.

Answer. No, sir; I do not remember that I said that. I said I thought I called Mr. Clark from Chicago; I do not recall that he called me. I think that is what I said yesterday.

Question. Well, if Clark did call you from Butler's house, is not that something that you would remember, or that you would be likely to remember?

Answer. It might be. I am not sure—it was something that I would remember; yes.

Question. Mr. Clark did see General Butler?

Answer. From what the papers say; the papers say he called on General Butler. I do not know whether he called to see him or not.

Question. You do not know?

Answer. No.

Question. You did not make any arrangements for Clark to go to see Butler?

Answer. No, sir.

Question. If Clark did see Butler, you have no knowledge as to how or why he went there?

Answer. No, sir.

Question. At any time in your talk with Butler, did he say that you were being used by somebody and "I want to know the fellows who are using you, and I am not going to talk to you any more", and you said, "I will send one of your friends to see you", and he said, "who", and you said, "I will send Mr. Clark." Was there any such talk as that?

Answer. No, sir.

Question. That is absolutely so?

Answer. Yes.

Question. He asked you, "Who is Mr. Clark?" and you said, "He is one of our people who was to pay some money." Did you say that?

Answer. No, sir.

Question. Had Clark put up money after that time?

Answer. What?

Question. This \$30,000?

Answer. What?

Question. On the gold standard?

Answer. Mr. Clark has put up money two different times; sent it to the committee; it had not gone through after that time—what date is that, Mr. McCormack?

Question. Well, any of the times that you had conversations with Butler in his home or in Philadelphia in 1933?

Answer. That I have had? I do not remember the dates. I have had some of Mr. Clark's money that he had given me in connection with some bond transactions that I was to take care of.

Mr. Marks (counsel for the witness). That has nothing to do with this inquiry.

Question. What money was that?

Answer. I believe it was \$25,000.

Question. When did he give you that money?

Answer. I can get the dates. It is on the records of the Manufacturers Trust Co.

Question. Mr. Clark gave you money; at least you received money from Clark for what purpose?

Answer. In connection with the bond business. I had been making trips around the country to various places. At that time the bond market was greatly depressed—

Question. I am not going into all of that.

Answer. You wanted to know why I received the money and I am telling you.

Question. Was that deposited in your personal account?

Answer. No, sir.

Question. What account?

Answer. My own special account.

Question. What special account?

Answer. The account of the G. C. MacGuire, special.

Question. Where was that?

Answer. The Manufacturers Trust Co.

Question. Is that one of the accounts you have here today with you?

Answer. Yes, sir.

Question. Now, is that outside of that 28, as you think—you are not definite about that, so we will understand that that is so—or did Mr. Clark give you any other moneys, were there any other financial transactions between you and Mr. Clark personally?

Answer. Mr. Clark had given me money, I think, on a couple occasions prior to that or after that. I do not know which it was, before or after.

Question. What was the purpose; what was it for?

Answer. General expenses in going around the country in looking over various municipalities in connection with the purchase of their bonds.

Question. How much did he give you?

Answer. I will have to look it up.

Question. That is outside of this 32,000?

Answer. It is a separate item altogether that it is concerned with; it has nothing to do with this—

Question. That is outside of the twenty-five hundred and thousand?

Answer. Yes.

Question. He gave you other moneys?

Answer. Yes.

Question. Where was that deposited?

Answer. In a special account.

Question. Can you give this committee a statement of the moneys you have received in any way for any purpose from Mr. Clark?

Answer. Yes; I believe I can.

Question. This money in the special account was for bond transactions?

Answer. Yes.

Question. And the money was to be repaid back to Mr. Clark?

Answer. That is right; yes. As a matter of fact, I would like to say there that the \$20,000 and that money was paid to Mr. Albert Christmas and then Mr. Christmas again gave me another check for \$20,000, which I redeposited in the Manufacturers Trust Co. in a special account.

Question. Who is Mr. Christmas?

Answer. Who is Mr. Christmas? Mr. Christmas is Mr. Clark's legal representative.

Question. Why did he give you back the \$20,000?

Answer. Because he had some transactions that might come up in the bond business, as it was all the time since I have been working for Mr. Clark in connection with investments.

Question. Were you representing the firm that you are associated with now, or were you acting in your individual capacity?

Answer. I was acting, as far as Mr. Clark is concerned, in my individual capacity.

Question. Did you act for anybody else in that capacity?

Answer. No, sir.

Question. Did you buy any bonds with the money he gave you?

Answer. No, sir.

Question. Now, this \$20,000 was an exchange of checks?

Answer. Yes.

Question. That is what it was?

Answer. Yes.

Question. What has become of that \$20,000 that you received back from the attorney for Mr. Clark?

Answer. That was made out in travelers' credits that were taken out through the Central Hanover Bank & Trust Co.

Question. What was the purpose?

Answer. The Central Hanover Bank & Trust Co.—

Question. For what purpose?

Answer. For the purpose of buying securities.

Question. Did you buy any securities?

Answer. No.

Question. What has become of the money?

Answer. The money was returned to Mr. Clark through Mr. Christmas.

Question. What about this \$20,000 that you got back from Mr. Christmas?

Answer. That is money that was returned to Mr. Christmas.

Question. Returned to Mr. Christmas again?

Answer. Yes.

Question. Of the \$25,000, you say you returned \$20,000 to Christmas and he gave you back his check, which you again deposited?

Answer. That is right.

Question. And you still have the \$25,000?

Answer. There was \$5,000 left in the account.

Question. Then you gave \$20,000 back again?

Answer. That is right.

Question. Was it \$20,000 or \$25,000 that you were getting back?

Answer. I will have to get the figures to make sure on that. I want to give you the exact picture of the transaction.

Question. Your records will show?

Answer. Absolutely.

Question. Was any of that money used for traveling expenses?

Answer. Yes.

Question. How much?

Answer. I would have to check that up, to get the record for you.

Question. Where are those records?

Answer. I have them here [indicating].

Question. I see. You can leave them with the committee, and we will examine them.

Answer. Yes. I would like to leave them for you, so that you can see the transactions. I have the checks where I paid the money back to Mr. Christmas.

Question. What of that \$25,000; did you directly return to Mr. Clark?

Answer. I would say about \$21,000.

Question. All the other amounts that you received for bond transactions all show in your books, I assume?

Answer. What other amounts did I receive for bond transactions from Mr. Clark?

Question. He is the only one that you ever had any transactions with, or represented, as you say?

Answer. Now I would have to look it up. It is all in the records.

Question. Whatever they were, were deposited where?

Answer. Deposited mainly with the Manufacturers Trust Co. in a special account.

Question. Mainly? Where else? Mainly doesn't mean anything.

Answer. It was with the Manufacturers Trust Co., a special account—that money that was given to me by Mr. Clark for the bond business.

Question. Can you give us any idea how much that approximates? How much it is, these various amounts that you received for that purpose?

Answer. Well, Mr. McCormick, I think altogether it would amount to, including expenses and everything, about \$32,000.

Question. Did he give you this extra money over \$25,000?

Answer. At various times, that is, he has given me \$1,000.

Question. Did he give it to you in a check, or in cash?

Answer. A check.

Question. All the time?

Answer. It seems to me that at one time he gave me some cash.

Question. How much?

Answer. I cannot say.

Question. About how much?

Answer. I think around \$1,000.

Question. Was it in a \$1,000 bill?

Answer. I do not know. It was not in a \$1,000 bill; no.

Question. Now, yesterday you said you had deposits in three accounts, in three banks.

Answer. Yes.

Question. Was this one of those three deposits that you mentioned yesterday, or was this another deposit?

Answer. You are asking me about my personal account, and yesterday I said I had three deposits.

Question. I asked you also about other deposits, as I remember, in any other way, or in any bank.

Answer. Well, I want to mention that there were four accounts; the First Stamford National Bank is around \$480.

Question. That is Stamford, Conn.?

Answer. First Stamford National Bank; that is a husband-and-wife account; and then there is the Irving Trust Co., where there is

about \$7,000; \$6,900, I believe. And in the Manufacturers Trust Co., \$4,400, and the Central Hanover Bank, \$4,500.

Question. Is the Manufacturers Trust Co. account a special account?

Answer. No. The Manufacturers Trust is my own and my wife's account, and this other is a personal account.

Question. What about any other accounts you have—the special account is in what bank?

Answer. Manufacturers Trust.

Question. The Manufacturers Trust Co.?

Answer. Yes. I have a statement here from them that they could not give me back a statement of my own personal account, but they were to get that for me, and they gave me a letter to that effect, and they gave me a statement of the special account; that was all the transactions I had while it was in existence.

Question. Have you got it?

Answer. Yes; I have.

Question. Have you the checks?

Answer. The canceled checks?

Question. Yes.

Answer. Yes; I can pick them out. They are out there [indicating].

Question. Can you get them?

Answer. You want them now?

Question. Can you have them obtained?

Answer. I can have them obtained.

Question. You can have them obtained, and we can proceed.

Answer. Sure.

Question. Now, what did Mr. French call to see you about, Mr. McGuire?

Answer. He called, according to Mr. French's story, to meet me, and to make my acquaintance, because I had known General Butler, and I was a friend of his, and he wanted to know me, and that was mainly the object of his visit.

Question. Nothing else discussed?

Answer. A number of things discussed; yes. The position of the bond market, the stock market; what I thought was a good buy right now; what he could buy if he had seven or eight hundred dollars; the position of the country; the prospects for recovery, and various topics that any two men would discuss if they came together.

Question. Nothing else?

Answer. Nothing else, excepting this, Mr. Chairman: As I said yesterday, I believe, when Mr. French came to me, he said, General Butler is, or has, again been approached by two or three organizations—and I think he mentioned one of them as some Vigilante committee of this country—and he said, "What do you think of it?" and I think I said to him, "Why, I don't think the General ought to get mixed up with any of those affairs in this country. I think these fellows are all trying to use him; to use his name for publicity purposes, and to get membership, and I think he ought to keep away from any of these organizations."

Question. Nothing else?

Answer. Nothing else. That was the gist of the entire conversation.

Question. Did you ever see him again?

Answer. It seems to me that he came up to see me again; I can not recall. He did not impress me very much, so it was in very—

Question (interrupting). Do you remember the second visit?

Answer. Gee, I do not, Mr. Chairman.

Question. If there was a second visit, there was nothing in the talk that impressed itself upon you. It was along the same line, and I am simply referring to it because you stated he came back to see you again on September 27, and the main purpose was that he just more or less wanted to become acquainted with you?

Answer. Yes.

Question. There was nothing discussed other than what you referred to, and there was nothing discussed other than this purpose; the main purpose, as you say, was that he wanted to become acquainted with you, and he apparently had met General Butler?

Answer. He said he had talked with General Butler, and General Butler said, "I have got a good friend up in New York, and when you go there I want you to go up and see him."

Question. Did he tell you who he was associated with, or anything like that?

Answer. No; he did not. I said, "What business are you in?" and, as I recall, I believe he said he was in the real-estate business.

Question. He did not tell you that he was a newspaper man?

Answer. No, sir.

Question. Did you tell General Butler what part of the service you were in? Well, of course he knew that you were in the Navy during the war?

Answer. Yes; surely. He asked me what service I was in, and, naturally, I told him.

Question. He knew that you were a disabled man, a disabled veteran?

Answer. Surely.

Mr. Marks. Are you disabled?

The Witness. Yes.

Question. You stayed at the Palmer Hotel during the convention of 1933?

Answer. Yes.

Question. And you had 4 rooms, 2 on one floor and 2 on another? Bill's when I left the hotel, and Bill Doyle later paid back to me what his proportionate part was.

Answer. I believe that was it; yes. I might say that I did not have four rooms. I was out there with Bill Doyle, and we were all together, and there were 2 rooms; Bill had 2, and I had 2 rooms. Bill had some other people with him. I do not know who was with him; a man from Massachusetts was with him.

Question. Who paid the expenses?

Answer. We split the expenses ourselves. I paid them up. I paid Bill's when I left the hotel, and Bill Doyle later paid back to me what his proportionate part was.

Question. How much was the bill? Do you remember?

Answer. Well, I have got the entire record.

Question. Did you pay it by check or in cash?

Answer. I paid it in cash. I think I have got it right here [indicating], as a matter of fact.

Question. The total is—

Answer. They were all here, Mr. Chairman. I am just trying to get them all straightened out. [Hands papers to chairman. The chairman hands papers back to the witness.]

(Discussion off the record.)

Question. How much is the total, Mr. MacGuire?

Answer. [Witness adds up figures.]

Question. Now, Mr. Clark is not a member of the firm of Murphy & Co.?

Answer. No, sir; no connection.

Question. He gave you, as you say, \$7,200 to go over to Europe and study some question?

Answer. Yes; economic conditions, security questions, the position of the bond market, the stock market over there, and so forth.

Question. Did you make a report to him on your return?

Answer. Yes.

Question. In writing?

Answer. No; verbal.

Question. How long were you over in Europe?

Answer. March 11 to May 27, I believe; I have that expense account, and, incidentally, I can show you that, too, together with the preliminary vouchers.

Mr. Marks. Mr. Chairman, I have just got this [indicating], which may be of interest to you. If you want that on the record, I have no objection to your putting it in the record.

The CHAIRMAN (looking at paper). No; I cannot put that in the record.

(Discussion off the record.)

Question. Had Mr. Clark ever, prior to this trip to Europe, sent you over to Europe to study the bond market?

Answer. No, sir.

Question. And conditions?

Answer. No, sir.

Question. Prior to this trip around the country, had he ever had you do the same thing?

Answer. No, sir. You mean prior to the first trip that I made? Question. Throughout the country, internally. When was that first trip taken?

Answer. I would say in July 1933.

Question. And the trip to Europe was this year?

Answer. The trip to Europe was this March to May.

Mr. Marks. Do you want these figures, Mr. Chairman?

Question. Can you tell us briefly what places you visited in the United States for the studying of the bond market? Was it in the United States?

Answer. Yes; I have been all over the United States; been out through the West, Chicago, Milwaukee—out over the Canadian Pacific to look over the northwest Canadian situation, because Calgary had been in a position that they probably were going to default on some bonds, and it might have been a good opportunity to pick up some cheap bonds there, and from there I went to Seattle, and down to Portland and San Francisco and to San Antonio and back, and then I have been out to North Carolina, and I have been to